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COMMITTEE MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD
MARKET DEVELOPMENT AND SUSTAINABILITY COMMITTEE

JOE SERNA, JR., CAL/EPA BUILDING
1001 I STREET
2ND FLOOR
BYRON SHER AUDITORIUM
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 9, 2007
10:00 A.M.

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Mr. Gary Petersen, Chair

Ms. Margo Reid Brown

Mr. Wesley Chesbro

BOARD MEMBERS ALSO PRESENT

Mr. Jeffrey Danzinger

Ms. Rosalie Mul

STAFF

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Director

Mr. Elliot Block, Staff Counsel

Mr. Mitch Delmage, Manager, Tire Management Branch

Ms. Linda Dickinson, Staff

Mr. Nate Gauff, Staff

Mr. Albert Johnson, Staff

Ms. Daisy Kong, Staff

Mr. Jim Lee, Deputy Director, Special Waste Division

Mr. Howard Levenson, Deputy Director, Sustainability Program

Ms. Stacey Patenaude, Staff

Mr. Tom Rudy, Staff

Ms. Barbara Van Gee, Supervisor, Loan Program

Mr. Govindan Viswanathan, Staff

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APPEARANCES CONTINUED

ALSO PRESENT

Mr. Michael Blumenthal, Rubber Manufacturers Association

Mr. Doug Carlson, Executive Director, Rubber Pavements
Association

Mr. Terry Leveille, TL & Associates

Mr. David Spease, National Playground Safety

Mr. Charlie Vidair, OEHHA

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1 PROCEEDINGS

2 CHAIRPERSON PETERSEN: Good morning. And welcome
3 to the California Integrated Waste management Board
4 Sustainability and Market Development Committee meeting.
5 As a courtesy, please put your cell phones in the silent
6 mode while you are in our meeting today.

7 Deb, could you call the roll, please?

8 EXECUTIVE ASSISTANT BALLUCH: Brown?

9 COMMITTEE MEMBER BROWN: Here.

10 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

11 COMMITTEE MEMBER CHESBRO: Here.

12 EXECUTIVE ASSISTANT BALLUCH: All the members of
13 the Committee up to date on ex partes?

14 COMMITTEE MEMBER BROWN: I'm up to date.

15 CHAIRPERSON PETERSEN: Do you have anything?

16 COMMITTEE MEMBER CHESBRO: I'm not sure. I have
17 to trace my memory. I had a conversation with somebody.
18 I'll tell you when I remember what it is.

19 CHAIRPERSON PETERSEN: By the way, I'd like to
20 welcome Member Mulé and my buddy over here on the far
21 side, Jeff. The far side, we always sit on the far side.

22 Anyway, speaker request slips are at the back of
23 the room. Please fill one out if you intend to address
24 the Committee this morning.

25 Is there anyone who wishes to address the

1 Committee on an item that is not on the agenda today?

2 Terry.

3 MR. LEVEILLE: Hello, Chairman Petersen.

4 CHAIRPERSON PETERSEN: That would be me, yeah.

5 MR. LEVEILLE: Committee members, Board members.

6 I wasn't going to say anything today at least in this
7 public comment period, but since we have the full
8 complement of Board members, it seems apropos. And I had
9 talked with Mark earlier. And that has to do with the
10 proposed reorganization that's going on at the Waste
11 Board. I'm getting some calls from stakeholders in the
12 tire recycling community. They hear bits and pieces of
13 it. I've written about it a couple of times as far as the
14 new directors and the format.

15 The concern in the industry is that the tire
16 program will be obliterated. They're afraid that as we
17 move into two different areas, one for enforcement and one
18 for programs and local government assistance and that type
19 of thing, that it will lose its identity. There's concern
20 in the tire community that they don't really know what's
21 happening for one thing, because there's been really no
22 narrative about the proposed reorg in the Board's website,
23 which a lot of these people get their information.
24 They're concerned that once the reorg goes through and
25 July 1st it will be difficult to access individuals,

1 staffers that worked on various programs, whether they be
2 the grant programs or the contracts. They worry that the
3 funding, the Tire Fund, the tire fee will be -- when
4 staffers that have traditionally been focused solely on
5 the Tire Program start working at others as well as their
6 Tire Program duties that there won't be that paper trail
7 of Tire Program funding, tire fee funding and it will be
8 much more difficult to keep track of.

9 You know, I know a lot of staff. I've talked
10 informally with staff about it. I'm not fully
11 knowledgeable about how this reorg is going to take place
12 on those particular matters. How the Board is going to
13 maintain that continuity with the tire stakeholders and
14 their website so that a stakeholder that has a question
15 about where can I find crumb rubber can locate the person
16 at the Board that may be able to help them or a person
17 that has -- from a local government that has a question
18 about a waste tire enforcement local government grant
19 program will know that they can hit the tire button on the
20 website and reach the person that's in charge of the grant
21 program or the tire dealers who have a concern about the
22 tire fee will know where their fees are going.

23 So there's nothing you can do about that now.
24 But these are just some issues that are coming forth from
25 individuals within the stakeholders.

1 CHAIRPERSON PETERSEN: And, Terry, we appreciate
2 that.

3 And what I was thinking -- Mark, could you
4 comment on this at all, please?

5 EXECUTIVE DIRECTOR LEARY: I'd be happy to, Chair
6 Petersen.

7 I think Terry raises some great points. And I'm
8 sensitive to our need to outreach to our external
9 stakeholders and explain our reorganization a little
10 better.

11 Our focus up until now has largely been
12 internally, because we're trying to reshape an
13 organization. But as Terry knows, having been internally,
14 that reorganizations are really transitions. They're not
15 here today and change completely tomorrow.

16 And in fact, one thing I'd offer in terms of
17 reassurance or a couple things I'd offer in terms of
18 reassurance to Terry and the tire community, although the
19 Tire Program isn't organizationally all in one place any
20 longer, the management of the Tire Program then becomes
21 really the function of the executive staff. It is a
22 collective function for the whole organization rather than
23 singly placed in one separate organization.

24 I would suggest respectfully its priority is
25 ultimately elevated because it becomes something we as a

1 whole organization needs to focus on.

2 We've just in the last week or so informed staff
3 of the organization where they're transitioning to. I
4 wanted to get that accomplished so they can help us
5 communicate to the external stakeholders how this is going
6 to play out. As I've told our staff of our organization,
7 I'd be a fool to not take advantage of people's individual
8 skills, knowledge, and expertise in any of our areas. So
9 that knowledge and expertise isn't lost. And a lot of the
10 staff who are working on tire issues heretofore will, in
11 fact, be working on tire issues into the future. The
12 framework may have changed, but their individual
13 responsibilities may only change in a very minor way.

14 I commit to you, Terry, to do more in the
15 outreach area to the external stakeholders. In fact, you
16 could be a great conduit to the tire community. And maybe
17 I do a feature article in one of your newsletters or
18 whatever way you suggest to start outreach to your
19 community and other communities of our stakeholders to
20 better explain this. But I think ultimately our
21 explanation will be reassuring. And we will not lose any
22 of the responsibility, the accountability that we
23 currently maintain in the Tire Program or any other
24 program. That's my obligation to this Board and to the
25 State of California is that we retain that accountability

1 no matter how the organization will change.

2 But I commit to you, Chair Peterson, and all the
3 Board members to assist Terry and all of our external
4 stakeholders over the next two months, because ultimately
5 the reorganization isn't effective until July 1. We're in
6 a transition period now, but I'd be glad to help in any
7 way I can.

8 CHAIRPERSON PETERSEN: Thank you, Mark.

9 MR. LEVEILLE: As I say, I think my purpose was
10 to raise the issue and to get some feedback.

11 CHAIRPERSON PETERSEN: It's always great to hear
12 from you. All right.

13 Let's go to our Deputy Director report. Howard.

14 DEPUTY DIRECTOR LEVENSON: Thank you, Chair
15 Peterson. Good morning, Board members. I'm Howard
16 Levenson, Director of the Sustainability Program. And
17 I'll just echo what Mark has said about the importance of
18 a number of different programs that cut across all aspects
19 of the organization.

20 As Mark said, we've just informed staff about new
21 assignments and are putting together transition teams to
22 work out the nitty-gritty details of contact points and
23 making sure there's paper trails and so on so everything
24 is accountable both to the public and to you. So that
25 will continue over the next month or two so that we are

1 ready for July 1 as best we can.

2 I'd like to give you just a couple of updates on
3 a few events related to market development in particular.
4 First of all, we have the Business for Local Living
5 Economies, which is also known as BLLE Conference. It's
6 holding its fifth annual conference May 30th, June 2nd at
7 U.C. Berkeley. This is an organization that works on
8 sustainable global economies. They foster long-term
9 economic development with partnerships with local
10 businesses. They look at economic or environmental
11 justice issues, environmental stewardship issues. And
12 there's a range of members that include designers,
13 community organizers, government officials, green
14 business, entrepreneurs and so on.

15 I bring this up in part because Member Danzinger
16 will be speaking there on May 30th at kind of a
17 pre-conference workshop on how local and state governments
18 can help spark sustainable business innovation. That's
19 one outside group that we're working with on market
20 development and sustainability issues in general.

21 Second, I'd like to just flag to you that we will
22 be holding our next RMDZ zone workshop on June 21st, 22nd
23 in Lodi. This is our periodic workshop that we hold with
24 the zone administrators and Board staff. We'll be focused
25 on presentations from actual RMDZ business owners on their

1 experiences in getting their facilities sited and how some
2 of the local and State resources have been used to assist
3 them in that process.

4 Member Chesbro will be there I believe to do some
5 meet and greet and talk with folks. It's on your
6 calendar, I believe. And Mike Paparian, who's a former
7 Board member and now director of the California Pollution
8 Control Financial Authority, will also be speaking there
9 about financing services that are available to businesses
10 through the Treasurer's office. And certainly we've had a
11 lot of interaction with CPCFA over the years. And with
12 Mike, there we hope to enhance those interactions quite a
13 bit.

14 CHAIRPERSON PETERSEN: Howard, with regards to
15 the CPCFA and Michael's stewardship here, are we going to
16 be looking beyond trucks and things like that getting into
17 the arenas where we need to finance projects in the
18 recycling arena and things like that?

19 DEPUTY DIRECTOR LEVENSON: I think that's exactly
20 the kind of discussion we have to have, and that's a
21 leadership issue with the Board.

22 COMMITTEE MEMBER CHESBRO: I think the fact that
23 Mr. Paparian has shown up at the zone administrator's
24 meeting is indicative of the fact that he understands that
25 those funds can be very helpful in helping us to develop

1 the industrial uses of recycled materials.

2 CHAIRPERSON PETERSEN: Good, Howard.

3 DEPUTY DIRECTOR LEVENSON: I know in the past
4 there have been federal constraints on the use of those
5 funds. I don't know what the status of some of those
6 provisions is now, but it may be something we want to look
7 at and may require some --

8 CHAIRPERSON PETERSEN: Some changes. I agree.

9 DEPUTY DIRECTOR LEVENSON: Lastly, I wanted to
10 flag to you this week right now is international compost
11 awareness week. If you've walked through the lobby,
12 you've seen our great booth on composting. We heard a
13 little bit about composting yesterday in the Climate
14 Change Workshop. Organics in general in composting is a
15 big issue.

16 This week is designed to encourage everyone to
17 compost. There's a lot of events going on around the
18 state in different communities from do-it-yourself
19 composting to large-scale community-wide composting
20 events. And, of course, the Board's participating in more
21 than just by having the booth down there. We've taped a
22 radio interview on the Walt Shaw Issues Sunday morning
23 show. We're going to have a short segment on Channel 10,
24 the Sacramento and Company Show, on Friday. And then
25 we're going to be doing a demonstration on how to compost

1 during that show. And it runs from 9:00 to 10:00 Friday
2 morning.

3 And then on Thursday, a few people will be lucky
4 enough to go up to Bob Pestoni's facility up in St. Helena
5 to celebrate. There will be a press conference to
6 celebrate the week, International Compost Awareness Week,
7 at his upper valley recycling and disposal facility. For
8 those who have been there, that's one of the prime
9 composting operations in the state and has a lot of
10 ancillary activities that Bob has fostered over the years.
11 It's quite a great showcase for composting in general.

12 So I think all in all, the Board continues to
13 demonstrate its commitment to composting and organics.
14 Clearly, based on the discussion yesterday and input from
15 stakeholders, there's a lot more to do. But we'll be
16 coming back to you with ideas on that as well.

17 So that concludes my Director's report. Be happy
18 to answer any questions you might have.

19 CHAIRPERSON PETERSEN: Thank you, Howard. Any
20 questions, anybody?

21 Okay. Before we take up today's agenda, I've got
22 to say I'm really not happy about the preparation for this
23 meeting. The reason we had advance deadlines for agenda
24 items is so that the public, let alone the Committee
25 members, can participate meaningfully in the discussion

1 and process.

2 When we don't get items or there is substantial
3 changes to items up until the night before our meetings,
4 then we're not serving the public interest. And that's
5 not right.

6 I know and recognize we're going through the
7 organizational changes, so I hope we can do a better job
8 delivering our services to the public. And maybe
9 uncertain causes by the reorganization led to the hickups
10 for today's agenda. But we have to fix that stuff.

11 I'm appreciative of staff's desire to make sure
12 we have the most current information available to inform
13 our decisions, but that doesn't extend to work that's
14 simply not done until the last minute. That's disrespect
15 of the Board and the public process, and we need to do a
16 better job.

17 In light of the fact that the meat of this Agenda
18 Item E was not available to the Committee members or the
19 public until the close of business yesterday, I'm not
20 prepared to take any action on this item. We can hear the
21 presentations but defer this item to the full Board.

22 What's the pleasure of the Committee?

23 COMMITTEE MEMBER BROWN: I agree.

24 CHAIRPERSON PETERSEN: Okay. And by the way, we
25 are also going to hear Item L by 11:30 because of

1 transportation problems that we'd like to accommodate the
2 presenters. And we're going to hear Item N before M.

3 Anyway, let's go to Item E.

4 DEPUTY DIRECTOR LEE: Thank us, Chairman
5 Petersen. My name is Jim Lee. I'm with the Board's Waste
6 Tire Management Program.

7 Again, as such, and again in recognition of your
8 previous comments, I take full responsibility for the
9 condition of the items and their late presentation. With
10 that said, I think you already alluded to a number of the
11 extenuating circumstances that did effect the provision of
12 those items. And staff was endeavoring to provide them as
13 soon as was permissible to do so to allow the discussion
14 in some form at this month's Committee and Board meeting.

15 With that said, I want to introduce and present
16 Item E for you this morning, Consideration of Reallocation
17 and Grant Awards for the Tire-Derived Product Business
18 Assistance Program.

19 This particular item -- indeed, staff was doing
20 the due diligence on these projects as late as last
21 Friday. And I believe they have done a yoman's job in
22 getting the item to this particular point and being able
23 to bring it forward for consideration this month.

24 There's one other issue with regards to this item
25 I want to bring to the Board's attention. I believe you

1 received some correspondence from Mr. Terry Leveille
2 objecting to a statement in the report which was staff
3 weighing in with some opinions with regards to potential
4 opposition with regards to this item. This particular
5 statement was included inadvertently and inappropriately.
6 It's something that again escaped my editorial scrutiny.
7 And for that I bear responsibility.

8 However, I would hope that comment does not
9 distract the Board from the clear intent of this item,
10 which is to further the Board's objectives to encourage
11 the market-based initiatives to divert tires.

12 As staff and our contractors have stated as
13 recently as the March Board meeting, we believe the
14 Business Assistance Program is a core activity, should be
15 a core activity going forward if the Board wants to pursue
16 those market-based initiatives.

17 With that somewhat long and long-winded
18 explanation, let me introduce Calvin Young to make the
19 remainder of the staff presentation.

20 (Thereupon an overhead presentation was
21 presented as follows.)

22 MR. YOUNG: Good morning.

23 CHAIRPERSON PETERSEN: Good morning, Calvin.

24 MR. YOUNG: I'll try to put on a more of an
25 upbeat note. Fair enough.

1 The revisions -- and again I apologize for the
2 lack of timely delivery of those things. We have been
3 literally running 100 miles an hour between a variety of
4 things to produce the quality product. That's no excuse,
5 but again I apologize for that.

6 --o0o--

7 MR. YOUNG: I wanted to take just a moment before
8 I get into the Business Assistance Program to throw an
9 update commercial for a conference I attended in South
10 Carolina that was hosted by the Clempton University and
11 Rubber Manufacturers Association entitled "Scrap to
12 Profit." It took a look at recycled rubber into virgin
13 rubber products as well as recycled rubber into plastic
14 products.

15 It was amazing. This is where we have been
16 talking about the holy grail that will break through
17 things and create tremendous demand, because the rubber
18 industry is a \$6 billion industry in the United States.
19 If we can just get a piece of that, there won't be a tire
20 problem. And some of the applications that we had gotten
21 in in this particular cycle addressed a couple of those,
22 address exactly this issue. So we are starting to move
23 forward on that. So we are spot on on what we're trying
24 to do programmatically and at the forefront of what's
25 going on nationally.

15

1 Regarding Business Assistance Program, we are now
2 in the second cycle. There were 17 applications, two of
3 which had subsequently withdrawn. There was some
4 questions regarding affiliated entities, two withdrew.
5 And I'm pleased to say that only three of the applicants
6 had previously received any Waste Board grants. That
7 means that all the rest were fresh demand, fresh
8 businesses. Not the same folks.

9 Staff will go through this in a moment and is
10 basically recommending \$1.875 million in assistance. And
11 again, these new businesses represent a substantial
12 increase in demand for California-generated crumb rubber
13 from passenger tires and to an additional degree buffings
14 from truck tires, but we're trying to shift some of that
15 emphasis.

16 --o0o--

17 MR. YOUNG: You may remember in the first cycle
18 of the program a lot of the focus was on our existing
19 stakeholders, a lot of the processors, help them to
20 position themselves better to take advantage of the
21 marketplace that are expected to come along.

22 We are transitioning into our planned second
23 phase of the program, which basically focuses on
24 continuing to focus on the operational inefficiencies and
25 to reduce costs, to increase the use of passenger tires,

1 and that's one of the focus areas as well, and decrease
2 the reliance on truck tires and buffings and off-the-road
3 or OTR tires.

4 Feedstock conversion, you've heard me refer to it
5 many times. That will be what we're transitioning to as
6 well. And that has huge demand, huge potential demand for
7 the marketplace, and that will be part of the demand
8 approach.

9 Again looking for recycled rubber into virgin
10 rubber, recycled rubber into plastic and shifting to
11 passenger tires and less reliance on truck buffings.
12 We're also looking at applied research and technology
13 transfer. As we get into some of these more finer mesh
14 materials or some of these that are truly the feedstock
15 conversion, we're looking to other technologies or other
16 approaches in order to deal with the situation here in
17 California. Other parts of the nation or elsewhere in the
18 world have different technology than we do here, and we're
19 looking to incorporate some of that into California.

20 --o0o--

21 MR. YOUNG: Additional plant future efforts also
22 deal with -- we have some of our stakeholders right now,
23 especially with this new group of cycle of applications
24 coming through, that have good connections with some of
25 the big box retailers. Additionally, through our

1 subcontractors, we have some connections with some of the
2 OEM producers here in California. So we intend to go to
3 those big box retailers as well as the OEM folks and
4 encourage them to work through their supply chain to
5 identify potential uses for recycled rubber in their
6 products.

7 We're also again looking at the identification of
8 new products that could be made from recycled rubber or be
9 made elsewhere in the U.S. and can be made in California
10 as well as feedstock conversion. And we will of course
11 first look to our existing stakeholders to expand their
12 existing businesses before we look outside of the state.

13 We're looking at increasing the recovery from
14 tire processing. Right now, they are basically getting
15 everything but the squiggle out of the tire. Looking at
16 better recovery on the steel and fiber, looking at getting
17 more rubber out of the tire in a usable form to kind of
18 stretch things along.

19 Strategic alliances, one of the interesting
20 things we found in the program is instead of looking
21 company by company by company, we're looking at the whole
22 marketplace. And we're able to identify strategic
23 alliances that we never saw before, how a company may be
24 in a commercial sector and another may be in a
25 residential. They each want to compliment each other, but

1 they don't want to compete. They're identifying some of
2 those linkages, and that's pretty exciting.

3 Additionally, we've had internal discussions
4 regarding the possibility of offering low interest loans
5 outside of recycling market development zones. That
6 appears to have some promise, and we may be coming forward
7 at a later date after additional internal discussions on
8 that. That would hold a great boom to our stakeholders
9 and especially those that are not located within our RMDZ.

10 --o0o--

11 MR. YOUNG: As far as process, applications were
12 reviewed by staff. We had a due date of April 3rd. They
13 were also a reviewed by the assessment lead. We conducted
14 a site visit, which was kind of a long road tour. And I
15 thank Frank Simpson for pitch hitting on the first part of
16 it when I was out visiting my new grandchild, but anyway,
17 that was interesting.

18 Part of the problem or part of the concern that
19 was expressed in earlier grant programs was that we didn't
20 know how real the business was, so to speak. So the site
21 visits were enlightening, especially as we got into other
22 businesses that are in the feedstock conversion world.

23 The consultants developed draft recommendations
24 regarding the assistance amounts after discussions with
25 the businesses. We had a teleconference which each of the

1 businesses, went over those, adjusted as necessary, and
2 came to consensus with the businesses.

3 Due diligence. The first part that we do again
4 has changed from the past is we look at the financial
5 viability of companies. They're required to submit
6 financial statements, tax returns. We also checked their
7 permitting status and any notice of violations. We
8 checked their status with the Secretary of State and
9 Franchise Tax Board as well as so far, you know, kicking
10 the tires, so to speak, to make sure they're indeed a real
11 company.

12 --o0o--

13 MR. YOUNG: For the out-of-state companies, and
14 there were a few of them this time, we had additional
15 efforts that are underway. We contacted the counterparts
16 in other states to find out their experience with these
17 businesses as well as a couple of national leaders in the
18 tire recycling world. We've gotten some responses back.
19 We may get another response back. But basically what
20 we're hearing is for the company basically no issues that
21 are anything that would cause a grant not to be approved.
22 One business there's been some concern expressed regarding
23 some past issues, but nothing that we can point to or
24 nothing that is actionable to deny them a grant. We'll
25 continue to hear things on that as we go on.

1 We also had one applicant that there was a
2 question regarding their permit regarding tires. They had
3 over 500 tires on site. Our enforcement staff are going
4 to be double checking on that to determine whether they
5 are eligible for an exemption. It has to do with silage
6 coverage basically and the use of tires in those kinds of
7 situations. So that's expected to be here pretty quick.

8 --o0o--

9 MR. YOUNG: On the recommendations, the awards
10 are based on the business category, what they're
11 considered, the diversion in 2006, or if they're an
12 expanding or feedstock conversion business, the consensus
13 estimate of their passenger tire equivalence based upon
14 completion of the project. And that consensus estimate is
15 from the consultant, the business representative, and
16 program management.

17 We then took the 15 businesses and ranked them by
18 PTE diversion from highest to lowest and determined
19 eligible amounts. Two of the businesses are being
20 recommended for less than the maximum eligible simply
21 because the nature of where they are in the business
22 process. Similar to what we did in the first cycle as
23 well where there were three businesses that were
24 recommended for less than the maximum amount.

25 Because of the nature of the funding of the

1 program with the moneys being contained in the R.B. Beck
2 contract, we basically instead of normally having an
3 oversubscribed situation an A and B list, we have an A1
4 and A2 list and a B list. The A1 list represents those
5 equipment grants that would need to be disencumbered from
6 the Beck contract and encumbered in equipment grant
7 agreements to the individual businesses. The A2 list is
8 comprised of the technical assistance provided to
9 companies that there's identified funding for, and the B
10 list represents those businesses that are beyond the
11 estimated funding available at this time. So we would be
12 looking for additional moneys perhaps through reallocation
13 or the use of moneys from next year's Tire Fund.

14 --o0o--

15 MR. YOUNG: The assistance categories are, as we
16 discussed before, general business assistance, technical
17 assistance, marketing, testing and certification, and
18 equipment. And similar to the first cycle, this
19 particular cycle there was approximately 34 percent that
20 was in the equipment category. But the fallout basically
21 came in the general business assistance was 15 percent,
22 technical assistance was 20, marketing was 19, testing and
23 certification was 12 percent, and equipment was 34
24 percent. So again when we started the program, we were
25 thinking that equipment would fall somewhere between 25

1 and 35 percent. And it's been pretty much rocking right
2 in there.

3 --o0o--

4 MR. YOUNG: In summary, I know that the -- and
5 again, I apologize for the lack of timeliness of the item.
6 I understand that decisions will be passed on -- the item
7 will be passed to the Board without recommendation, and
8 that's fine. And that comments are welcome at this point.

9 CHAIRPERSON PETERSEN: Correct.

10 MR. YOUNG: And I'm a little more brief than I
11 was before.

12 CHAIRPERSON PETERSEN: You did a good job.

13 MR. YOUNG: Any questions?

14 CHAIRPERSON PETERSEN: Member Mulé.

15 BOARD MEMBER MULÉ: Chair Petersen, I do have one
16 question.

17 Calvin, when I went through this item, the latest
18 version of it which we received late yesterday, I didn't
19 see anywhere and I'd like to see some kind of a budget
20 where what did we spend the first year. Because again we
21 had a total of I think the total contract was 3.8 million.

22 MR. YOUNG: Correct. 3.85.

23 BOARD MEMBER MULÉ: What I'd like to see is what
24 did we spend in the first year, what was it spent on, and
25 then second year what we're proposing.

1 MR. YOUNG: Basically the source and use. I
2 apologize for that.

3 BOARD MEMBER MULÉ: Thank you.

4 CHAIRPERSON PETERSEN: Any other --

5 MR. YOUNG: Would you like that as part of the
6 agenda item itself or part of the presentation on the
7 15th?

8 BOARD MEMBER MULÉ: I think it would help if you
9 had it in print so we can look at it.

10 MR. YOUNG: That's fine.

11 BOARD MEMBER MULÉ: In advance, please.

12 CHAIRPERSON PETERSEN: That's great.

13 COMMITTEE MEMBER BROWN: So -- I'm sorry. I just
14 want to clarify. So now your proposal is to take List A1
15 for the equipment grants out of reallocation and that's no
16 longer part of the R.W. Beck contract. Wasn't that part
17 of what the contract was originally was for equipment and
18 assistance? So you're asking for an additional 596,250 on
19 top of the 3.8 million?

20 MR. YOUNG: If I may. I apologize. I agree it's
21 a confusing process here.

22 The way we have been advised by Legal and Admin
23 to present this is the Beck contract is to provide
24 technical assistance. The overall program provides
25 technical assistance and specific equipment grants.

1 In order to facilitate the equipment grants for
2 the businesses that were in the top, the A List so to
3 speak, those moneys need to be disencumbered from the Beck
4 contract. So those would be physically disencumbered from
5 the 3.85 million and encumbered in separate grant
6 agreements with those individual businesses for the
7 596,250.

8 COMMITTEE MEMBER BROWN: It doesn't say that in
9 the resolution. And I think it points to Rosalie's
10 question on the 3.8 million. You're not showing the
11 disencumberment of that money necessarily in a contract.
12 You're showing it as a reallocation from the Tire
13 Recycling Management Fund. Is that the R.W. Beck
14 contract?

15 MR. YOUNG: That is the R.W. Beck contract.

16 COMMITTEE MEMBER BROWN: Well, it is not clear
17 the way it's presented. And I don't know whether it's
18 Legal or Admin or whatever. But it is not clear. And
19 maybe that's because there isn't.

20 The category where you show the funding and the
21 amount available and all of that on page 14 revised-9
22 should show the accounting that Rosalie asked for of the
23 R.W. Beck contract, what's being provided, what's been
24 allocated, what hasn't been allocated, and what's left. I
25 don't what it's been in the first year, what's the second

1 year, what's going to technical assistance, what's going
2 to equipment.

3 DEPUTY DIRECTOR LEE: Madam Chair, we'll come
4 back to you by the Board meeting time with a revision
5 after we have some additional consultation with Admin &
6 Legal on this on how best to present it to meet the
7 Board's needs on this.

8 COMMITTEE MEMBER BROWN: Okay. Thank you.

9 CHAIRPERSON PETERSEN: Thank you, Calvin.

10 Is there any public comment on this? Nobody
11 wants to publicly comment on this. Okay.

12 We're deferring the action again on this item
13 until next week. We don't need a report at the time or
14 presentation, but would like to have staff and R.W. Beck
15 prepared to respond to any questions at the Board meeting.
16 Okay. Great.

17 DEPUTY DIRECTOR LEVENSON: Mr. Chair, if I could
18 just seek additional clarification from the Committee on
19 page 14-9, the funding strip. Would that be the best
20 place for you to have this information in terms of the
21 R.W. Beck, what moneys were spent the first year so on and
22 so forth?

23 CHAIRPERSON PETERSEN: Wherever it makes sense.

24 DEPUTY DIRECTOR LEVENSON: I just want to make
25 sure we're providing what you need.

1 CHAIRPERSON PETERSEN: So I can understand it.

2 DEPUTY DIRECTOR LEVENSON: No comment. Just
3 kidding.

4 Okay. I fully concur also. I just wanted to say
5 a couple words. With the Board's desire to have
6 information to the public and the Board beforehand, we all
7 understand that need. So I think this is on staff's
8 behalf I want to say that with all the items as you can
9 see on this agenda with the plan, the reallocation, and
10 the many items, it's been a scramble. And I do want to
11 just encourage staff to keep a stiff upper lip. They've
12 done a lot of work trying to resolve this. But I
13 recognize we need to get information to you earlier.

14 So I want to suggest that this item is tied in
15 somewhat with the reallocation item and the timing. So
16 after we get through all of this month or next month that
17 we sit down and take a look particularly at the
18 reallocation process for next year. Is there something we
19 can do to make this more effective in terms of timing and
20 cut-off dates and so on? I think we've had that
21 discussion before, and I think we need to have it again.

22 CHAIRPERSON PETERSEN: Howard, I have all the
23 faith in the world in the staff and you guys with the
24 reorg getting this all right and readjusting. It's fine.
25 We just want to be clear and be early. And you know me, I

1 have to understand before we get here. Okay. Thank you.

2 Okay. We're done with that item. How about item
3 B?

4 DEPUTY DIRECTOR LEE: Thank you, Chairman
5 Petersen. Item B is Consideration of Contractor for
6 Engineering Services Regarding Civil Engineering
7 Applications Using Tire-Derived Aggregate Contract.
8 Albert Johnson will make the staff presentation.

9 MR. JOHNSON: Good morning, Chair Petersen,
10 members of the Committee and the additional Board members
11 that are here.

12 This item is for the award of a contract for the
13 TDA civil engineering applications contract to award to
14 the contractor. The Scope of Work for this contract was
15 approved by the Board last November. This contract will
16 supplement our contract with SCS Engineers which is used
17 for these TDA projects that we have identified several of
18 them that we are working on.

19 For example, in the SCS contract that we have has
20 about \$250,000 left in it. The funding is depleted
21 somewhat. We've identified a project in Mendocino County
22 that's a landslide repair that looks like we can do this
23 summer. The cost estimate for this project is about
24 \$350,000. So it's pretty important that we have this
25 contract so we can proceed with this project and do it

1 this year. The guy has been very cooperative working with
2 us, and that will be a very good project. We haven't done
3 a landslide project in TDA yet. I don't know of none that
4 has been done in the state, in fact. So anyway, the
5 selection process used --

6 COMMITTEE MEMBER CHESBRO: I'd like to ask a
7 question at this point. Just to help me envision how that
8 application would work, how the tire material is used to
9 stabilize the landslide

10 MR. JOHNSON: Sure. The material that has slid,
11 the roadway that has slid out has moved out about two
12 feet. What we will do is excavate out the slide material
13 and then replace for a fill material. Instead of putting
14 soil back in there, we'll put in the tire shreds because
15 they're a lightweight material. And that reduction in
16 weight will help to stabilize the slope, because it will
17 be less driving force.

18 What the county has done -- this section of road
19 has slid several times in years past. What the county has
20 done because they don't have much funding is they've just
21 added some gravel or something like that and paved over
22 it. And by adding additional soil, you're adding
23 additional weight. You're increasing the driving force.
24 So they've been able to temporarily fix this road. But
25 with this solution, we should be able to fix it

1 permanently.

2 COMMITTEE MEMBER CHESBRO: Thank you.

3 MR. JOHNSON: The selection process we used for
4 this is the RFQ process outlined in Title 14, Section
5 17022. That section outlines criteria that's looked at by
6 the Board to determine which contractor will be the most
7 appropriate. We look at things like the quality of work
8 of the contractor, experience with the type of work that's
9 going to be done, and that sort of thing.

10 This criteria we had two submittals of SOQs. We
11 had a Selection Committee that I put together of three
12 individuals. We had a person from Tire Program, person
13 from DTSC, and a person from Caltrans on this Selection
14 Committee. They reviewed the two submittals. And we
15 interviewed both of those firms.

16 Based on the reviews and the interviews, the
17 Selection Committee has suggested that we hire Kennec,
18 Inc., as the contractor for this contract. The funding
19 for this contract is a million-and-a-half dollars out of
20 the 06-07 that's outlined in the Five-Year Plan.

21 So that pretty much concludes my presentation.
22 I'd be happy to answer any questions.

23 CHAIRPERSON PETERSEN: Yes, Rosalie.

24 BOARD MEMBER MULÉ: Thank you, Mr. Chair.

25 Just one quick question, Albert. How much was

1 the contract for SCS in April that we approved in April of
2 '06?

3 MR. JOHNSON: \$500,000.

4 BOARD MEMBER MULÉ: 500,000. And how much of
5 that have we spent, did you say?

6 MR. JOHNSON: About half.

7 BOARD MEMBER MULÉ: About half of it. And is
8 this the only project that we have identified?

9 MR. JOHNSON: No. In fact, we have several
10 projects. There's another project. In fact, I have a
11 handout here. Maybe this would be a good time to give
12 this to you.

13 BOARD MEMBER MULÉ: That was one of the questions
14 I had. Thank you.

15 CHAIRPERSON PETERSEN: Any other questions or
16 comments?

17 MR. JOHNSON: We can talk about this handout for
18 a couple of minutes. So we can look at these pictures of
19 potential projects that are coming up.

20 There's actually more than those, but these are
21 the ones that are looking very favorable in coming up in
22 the near future.

23 The first picture here is a picture of the Marina
24 Drive project. This is the one in Mendocino County we
25 hope to do this year. It shows the dirt that you see

1 dumped there is what the county dumps so they can still
2 use the roadway. They drive off the existing road onto
3 the slide. And on the other end, they drive off the slide
4 up back on the road. The roadway is about 200 feet long
5 that will be replaced.

6 The next project has a good chance to go this
7 summer also. It's in Sonoma County called the Geyser Road
8 landslide. This is a longer section of roadway and about
9 twice as big as the Marina Drive project.

10 Sonoma County has received some FEMA funding for
11 this, and they're very interested in working with us. In
12 fact, I just met with them last week and so we're
13 discussing this trying to get things going. And they
14 really want to do this this summer.

15 So those next two pictures show Geyser Road
16 landslide.

17 The last three pictures in here have to do with
18 the vibration attenuation properties of the TDA. Next
19 month, there's a meeting set up with BART, who's very
20 interested in using the TDA for the vibration underneath
21 the rail lines. The design of their expansion of BART is
22 coming up here real soon. In fact, at this meeting, some
23 of the top-decision makers will be there.

24 We've kind of figured that based on our work down
25 in San Jose that BART can save about \$4 million by using

1 the TDA in the track they expect to lay. So they would
2 pay for the material themselves, and we would provide as
3 needed any additional technical assistance they might have
4 or something like that.

5 COMMITTEE MEMBER BROWN: You say they provide the
6 material, the contractor?

7 MR. JOHNSON: At this point, yeah. BART
8 themselves would purchase the tire chips and use them. We
9 would provide technical assistance to answer any questions
10 they may have.

11 COMMITTEE MEMBER BROWN: In your Scope of Work,
12 it says this contract will include supply and TDA material
13 for selected projects. How do we know which projects and
14 on what scale and --

15 MR. JOHNSON: Well, generally --

16 COMMITTEE MEMBER BROWN: You just said BART
17 provides their own. Are there other projects we do it
18 because they are smaller?

19 MR. JOHNSON: I guess I'd let Stacy explain.

20 COMMITTEE MEMBER BROWN: I'm just trying to get a
21 handle on the \$1.5 million.

22 MS. PATENAUDE: The BART project is still in
23 development. They know about the technology. This is a
24 big step forward for them and a huge savings.

25 They have some technical issues and we're going

1 to meet with them. Right now, we have not agreed to any
2 part of this, so we can't say we're purchasing the
3 material. It's such a huge savings for them that they
4 haven't asked for a financial assistance to produce the
5 material to provide the material. They're right now just
6 asking for technical assistance for the installation of
7 it.

8 That was the same thing with BTA. We developed
9 the technology. We supplied construction oversight. But
10 they did all the construction and purchased all the
11 material because it was a huge savings for them. So this
12 is a fairly self-sustaining application.

13 We'd really like BART to take this and run with
14 it, because if BART goes with it, this will be a standard
15 application for vibration throughout the country.

16 COMMITTEE MEMBER BROWN: Exactly. So is this a
17 multi-year contractor or one-year contract?

18 MS. PATENAUDE: I believe it's two years.

19 COMMITTEE MEMBER BROWN: So there's money built
20 in to provide the material if it's requested or necessary
21 for certain projects?

22 DEPUTY DIRECTOR LEE: It's to provide a little
23 additional flexibility in these negotiations. Clearly, we
24 want to encourage the use of the material. Obviously, we
25 want to drive the hardest bargain that we can. But we

1 want to have that flexibility to be able to provide
2 material if necessary.

3 I also wanted to kind of point out to the
4 Committee that we view this contract as a very positive
5 development with regards to our overall -- the Board's
6 overall objectives for increasing tire diversion. We've
7 talked about civil engineering what we called our home run
8 type of projects. They don't occur that frequently, but
9 they're big ticket items when they do occur. It's a very
10 positive development in that we're dealing with a lot of
11 local jurisdictions instead of just Caltrans. It's
12 something we definitely would like the Board to take note
13 of.

14 CHAIRPERSON PETERSEN: A question. We are
15 blazing a trail here on these kinds of technologies and
16 trying this stuff out. I mean, this is happening in
17 California. Is it happening anyplace else in the country?

18 MS. PATENAUDE: Actually, civil engineering is
19 one of the second largest reuses in the United States.
20 We're way behind the curve here in California. Landslide
21 repairs have been done in numerous states throughout the
22 country, but California has not done it. That's why we
23 really stepped up when Mendocino showed interest in this
24 to make this happen. They didn't have funding to fix this
25 slide. They were just letting it slide down the hill. So

1 we stepped up and said we'll help you out. You pay for
2 part of it. Same thing with the geysers. Actually, both
3 these counties have a long wish list they'd like us to
4 work with. It's important in that area, because
5 landslides are a big problem.

6 COMMITTEE MEMBER CHESBRO: You're saying it's
7 innovative for California, but it's not innovative
8 nationally.

9 MS. PATENAUDE: We're not taking a big step
10 forward in the design. It's been done before.

11 COMMITTEE MEMBER CHESBRO: It's been tried and
12 tested.

13 MS. PATENAUDE: It's getting them used to it.

14 COMMITTEE MEMBER BROWN: We're taking a big step
15 forward in recognition, finally.

16 CHAIRPERSON PETERSEN: Just one other question.
17 And this is probably not related to this. But with regard
18 to U.S. Green Building Council and their standards for
19 filling on retaining walls and things like that, has any
20 of this been brought up that way to the USGVC? Are they
21 looking at this and considering this kind of stuff?

22 MS. PATENAUDE: The Federal Highway
23 Administration when it comes to civil engineering
24 applications is exploring a green building program or
25 green highways, I guess you would refer to it. We did

1 send Dr. Humphries to that meeting last year to deal with
2 civil engineering, construction highways, and so forth.
3 We would like to get like a green credits program for
4 tire-derived aggregate. So we are looking at it that way.
5 But as far as your program, that's more I think towards
6 structures, I mean, buildings and so forth.

7 CHAIRPERSON PETERSEN: I was just wondering if
8 you've explored it or talked to these guys and taking a
9 look at this as part of one of their standards.

10 MS. PATENAUDE: I think the Federal Highway
11 Administration, U.S. EPA, there was actually a meeting at
12 the end of last year I went to that talks about this.
13 They're incorporating crushed concrete into some of their
14 building programs, rubberized asphalt. And tire-derived
15 aggregate is another thing we're hoping to get in there
16 that they'll get green credits for.

17 CHAIRPERSON PETERSEN: Great. Okay. Do we have
18 a motion?

19 COMMITTEE MEMBER BROWN: Move Resolution
20 2007-107.

21 COMMITTEE MEMBER CHESBRO: Second.

22 CHAIRPERSON PETERSEN: Revised.

23 COMMITTEE MEMBER BROWN: It's not revised.

24 CHAIRPERSON PETERSEN: It's not revised. Do we
25 have a second?

1 COMMITTEE MEMBER CHESBRO: Second.

2 CHAIRPERSON PETERSEN: Deb, call the roll.

3 EXECUTIVE ASSISTANT BALLUCH: Brown?

4 COMMITTEE MEMBER BROWN: Aye

5 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

6 COMMITTEE MEMBER CHESBRO: Aye

7 EXECUTIVE ASSISTANT BALLUCH: Petersen?

8 CHAIRPERSON PETERSEN: Aye.

9 That's on fiscal consent, please.

10 Okay. Item C, Board Item 12.

11 DEPUTY DIRECTOR LEE: Thank you, Chairperson

12 Peterson. Item Number 12 is Consideration of the Grant

13 Awards for the Second Cycle of the Rubberized Asphalt

14 Concrete Use Grant Program. Nate Gauff will make the

15 staff presentation.

16 MR. GAUFF: Good morning, Chair Peterson and

17 Committee members.

18 For the second cycle of the RAC Use Program, we

19 have seven applications that were eligible and complete.

20 We're recommending them for funding. I do have one

21 correction from our revised resolution. On the list of

22 recommended applicants, the first applicant which is

23 listed as City of West Lake is incorrect. It actually

24 should be City of Lakewood. The recommended funding is

25 correct. Everything else on there is correct. But I just

1 wanted to make that update, that it should be City of
2 Lakewood, not City of West Lake.

3 Are there any questions?

4 CHAIRPERSON PETERSEN: Any questions?

5 COMMITTEE MEMBER CHESBRO: I'll move the item.

6 CHAIRPERSON PETERSEN: We have -- sorry. We have
7 public comment here. Doug Carlson, please.

8 MR. CARLSON: Chair Peterson and members of the
9 Board, good morning. My name is Doug Carlson. I'm the
10 Executive Director of the Rubber Pavements Association.
11 We are a nonprofit trade association involved in the
12 rubberized asphalt industry. And we certainly support the
13 Board's efforts and commend the Board's effort in the
14 development of the RAC Grant Program.

15 But I'm here to just again recommend increasing
16 the RAC grant to the user cities from \$5 a ton to \$10 a
17 ton to make it more equal to the per-tire equivalent
18 grants for other applications such as playgrounds and fill
19 and what have you. I'm here to enter my support for that
20 item and also to recommend increasing the amount of per
21 ton of RAC that is used by the user cities.

22 CHAIRPERSON PETERSEN: Great. Might be a good
23 idea to take this up for next year on our criteria. That
24 would be something we should probably do.

25 COMMITTEE MEMBER CHESBRO: Can I ask for staff to

1 give a brief response to this suggestion in terms of why
2 it would be at the level it is now. Why it's recommended
3 at the level.

4 CHAIRPERSON PETERSEN: Nate is --

5 COMMITTEE MEMBER BROWN: Nate is going to respond
6 to the program history and your suggestion.

7 MR. GAUFF: Can you repeat your question, Member
8 Chesbro?

9 COMMITTEE MEMBER CHESBRO: Why the recommended
10 amount is where it is, as opposed to what the gentleman
11 has suggested it should be.

12 MR. GAUFF: Well, the program in its fourth year,
13 the RAC Use Program, it started out as the Kuehl Program
14 where the rebate was actually 250 a ton. And that was set
15 in statute. I don't know how that number was derived at.

16 COMMITTEE MEMBER CHESBRO: We don't have the
17 choice to do it any different levels than statute?

18 MR. GAUFF: No, actually we do. This is why we
19 upped it to \$4 a ton for this year through the Senate Bill
20 369 program through Senator Simitian. That did give the
21 Board flexibility to set the rebate amount on an annual
22 basis.

23 The reason we went up to \$4 a ton, we did
24 recognize that there were significant increases in cost
25 obviously in fuel prices and asphalt being an oil-based

1 product. The cost of the asphalt went up significantly in
2 the last couple of years and in the transportation of
3 materials and that type of things.

4 So what we want to do is offer an additional
5 amount to the cities through the rebate program to help
6 outset some of their costs. But we do recognize that most
7 of these cities that are in the RAC Use Program would use
8 the material whether they were getting a rebate from the
9 Board in the form of a grant or not. Because they have a
10 historic use of using rubberized asphalt in projects. But
11 once again, we wanted to help them outset some of the
12 additional costs they've experienced over the last year or
13 two.

14 COMMITTEE MEMBER BROWN: Were there any
15 parameters in the Simitian Bill or just gave the Board the
16 authority to set the fee? Was there a range?

17 MR. GAUFF: No. There was no range.

18 DEPUTY DIRECTOR LEE: The Board certainly has
19 that discretion. Again, this is one of the things that
20 again we try to dial into the program. Obviously, we're
21 trying to give the local jurisdictions an inducement for
22 using the material. However, we want them to recognize
23 again the long-term benefits. Over the whole life cycle
24 for the product, RAC is a better deal for local
25 jurisdictions. Unfortunately, it has higher up-front

1 cost. You know, you've got a situation in the targeted
2 RAC for the first time users people with no experience, we
3 are effectively paying all of the differential between the
4 cost of RAC and the cost of the conventional asphalt. For
5 those people that do have experience, and as Nate says are
6 using the material anyway, staff opinion is you need less
7 of an inducement to get them to do that. That said, we
8 can pay -- the Board can consider a higher number when we
9 bring up the criteria item probably in the fall, Nate?

10 MR. GAUFF: Actually, we're scheduled for the
11 criteria item for 07-08 next month to bring that before
12 the Board.

13 COMMITTEE MEMBER BROWN: In the targeted program,
14 is the reimbursement PTE or pounds of RAC used in the
15 project? How is that calculated and targeted?

16 MR. GAUFF: In the targeted, we base it on the up
17 charge of the material. It's on a per ton basis for the
18 actual finished product of material.

19 COMMITTEE MEMBER BROWN: And one last question,
20 Nate. Looking at the fund balance, I know all of this
21 is -- you've got a lot in the hopper and a lot coming
22 forward and it takes a little time to get it going. But
23 we still have 1.3 in this program. Do we have enough
24 projects in the hopper to get it out the door?

25 MR. GAUFF: At this point I would say no. We are

1 not going to expend all of these funds for this year.

2 However, I just want to remind the Board we were --

3 COMMITTEE MEMBER BROWN: That's what I was going
4 to ask you. Where did we start this time?

5 MR. GAUFF: Actually, the original allocation for
6 the RAC Use Program was 1.5 million for this fiscal year.
7 And we added a million through the BCP moneys that we were
8 given.

9 COMMITTEE MEMBER BROWN: So we started with 2.5.

10 MR. GAUFF: Correct.

11 COMMITTEE MEMBER CHESBRO: Can I ask another
12 question of the gentleman from the Association? I
13 understood the request, but I didn't hear the rationale.
14 Would it be your contention there would be -- the
15 jurisdictions would be apt to use more if there was more
16 money? From our standpoint, why would we want to give
17 more if the jurisdictions are doing it anyway? So I mean,
18 what would -- and not from our standpoint as the Board but
19 the standpoint of the program of trying to maximize the
20 use of tires in this and other regard. What would be the
21 argument?

22 MR. CARLSON: Chair Petersen, Member Chesbro,
23 there are a few items that are complex about this RAC
24 Grant Program from the Cities' and the applicant's
25 perspective. And it is our opinion that the Cities find

1 the requirements in reporting -- and this is not factual.
2 It's their opinion. That it is a little cumbersome and
3 difficult process and they don't find that -- this is on
4 the existing program, not the targeted initial users, but
5 the ongoing users. They find that the requirements are
6 cumbersome or perceive them to be so. And therefore we
7 support an increase in the incentive to motivate them to
8 apply for the program. So the idea here is to generate
9 more applicants. Certainly there's about 400 cities in
10 this state that would use this program and be eligible for
11 it.

12 And secondly, the rationale is the amount of
13 passenger tire equivalents that are used by RAC, one ton
14 of RAC generally uses about three tires. And therefore
15 just to make it equivalent to other materials that the
16 Board supports, such as playgrounds or turf applications
17 where you pay on a per tire equivalent basis, elevating it
18 would make it more equal for other products and materials.

19 COMMITTEE MEMBER CHESBRO: I don't think I hear
20 you answer whether or not you think the jurisdictions
21 would use more if the incentive were granted. Would use
22 more of the tire derived.

23 MR. CARLSON: I believe so. They would be
24 incentivized. Whether or not they actually use it, that's
25 what we're trying to promote is the incentive or the

1 initial use of it.

2 COMMITTEE MEMBER CHESBRO: Okay. Well, I'm not
3 suggesting we determine it today. I was just trying to
4 lay the framework for our future discussion on this for
5 the next time around.

6 MR. CARLSON: Member, there's also one other
7 proposal that I know staff has discussed, and that would
8 be just this program has been evolving over time. And
9 there would be an opportunity to merge the programs into
10 one program, one over one large RAC program, where initial
11 users have a larger so-called rebate. And then they would
12 have a maximum number of grants they could apply for, say
13 five, for example, just some number. And each time it
14 would be a diminishing grant. So the concept there is to
15 provide a greater incentive for first-time users and then
16 to provide an ongoing but decreasing incentive for those
17 that have more routine use. So that is a program to
18 consider.

19 CHAIRPERSON PETERSEN: Great. Thank you, Mitch.

20 COMMITTEE MEMBER BROWN: Can I ask a -- Nate,
21 previously we used to get a list of all of the recipients
22 month by month throughout the year so we would see who
23 would receive them before. Can you do that, provide that
24 for us before the Board meeting next Monday? Because you
25 know, the way the funding information is recorded, it's

1 hard for us to remember how much we reallocated without
2 going back to the budget to see what we did and what
3 augmented. But at least if you give us the list of what
4 the allocations were month by month, then we can see how
5 much has been given. Because it doesn't seem like we've
6 given out -- I thought we had given out more than what it
7 appears we do by the funding. And it may be worthwhile
8 considering some other programs to increase the usage.

9 MR. GAUFF: I just want to clarify. You're
10 talking about for the RAC Use Program. Because on the
11 targeted program, we do have an attachment that lists all
12 the awards for this fiscal year. We have not done that
13 for the RAC Use Program.

14 COMMITTEE MEMBER BROWN: Let's do it for the RAC
15 Use Program, because we are looking at \$2.5 million of
16 allocation, but here it looks like 1.9 is available. We
17 haven't expended any more than 600,000 in the first
18 nine months of this year.

19 MR. GAUFF: Yeah. That was based on the fact
20 that we approved the criteria in the fall and the first
21 award period was actually -- the first deadline was in
22 January of '07. So we're trying to push out \$2 1/2
23 million in the last six months of the fiscal year.

24 COMMITTEE MEMBER BROWN: I understand that. All
25 that would be evident if we could see that January was the

1 first year that we were able to provide grants. Then, you
2 know, we're only looking at four months worth of grants.
3 But if that's what you provide for the targeted program,
4 let's do that for this program, too. Because then it will
5 give us the true history of what's going on through the
6 year to evaluate what we can get out, whether we're
7 providing adequate incentive to cities and counties to
8 increase their usage of the product and how we can --

9 MR. GAUFF: Okay. I'll speak to that at least
10 from my opinion. As far as this year and what we've given
11 out or what we're projecting to give out versus last year,
12 I think what's happened and what we're seeing may be due
13 to a number of factors. I'm not going to say I have the
14 answer. But several factors.

15 One, the increased cost of the material I think
16 overall -- and I don't know. Maybe Doug can give you some
17 better information. But I think overall we're seeing
18 probably less paving going on overall because costs have
19 gone up for the material on a part-time basis.

20 I think the other thing in relation to the grants
21 what you're seeing is that several agencies that may have
22 applied for grants last year 05-06, maybe even 04-05
23 projecting out might have applied for the projects they're
24 doing now at that time, in which case they can't ask for
25 money now if they've already got money locked up from

1 two years ago or last year. And I know at that time with
2 the Kuehl bill it was a three-year window. And so it
3 wasn't necessarily assured there was going to be a program
4 beyond that three years which actually the last year was
5 05-06. So I think what a lot of agencies might have done
6 is locked up money in years past for projects they're
7 doing now or doing next year. So we're not getting demand
8 this year. Even though we're offering more money, which
9 you would think there would be more of a pull for grant
10 money, but we're not seeing it.

11 And the other thing I did want to mention is that
12 in response if we raise this to \$10 a ton, yeah, I think
13 we're going to have more people coming in. But we're
14 still going to see the usual players, L.A. County,
15 Thousand Oaks, City of San Clemente.

16 COMMITTEE MEMBER CHESBRO: Would they do more, do
17 you think? That was my --

18 MR. GAUFF: They may, only because if they get
19 more through grant money, they may tack on another project
20 because they'll have additional dollars available. If
21 they get another quarter of a million dollars from the
22 Board, yeah, they might go ahead and enter into another
23 project that they might normally not have done. But I
24 don't think it's going to double or triple the use of the
25 material. I think what you're seeing is the agencies that

1 have come in are going to continue to come in, and there's
2 going to be some in between agencies.

3 COMMITTEE MEMBER CHESBRO: I'm less concerned
4 with the number of agencies than I am with the number of
5 tires that are recycled. So if for example a large local
6 government entity was going to do more projects because
7 we're offered more, then I'd be willing to consider a
8 larger grant. And we'll have to depend on hearing from
9 those agencies and from our staff and trying to determine
10 to what degree that's the case. But if it did have that
11 result, I think we ought to at least think about it.

12 COMMITTEE MEMBER BROWN: I think we should think
13 about it. We've had this debate on several of our tire
14 programs, how much you offer and where that delicate
15 balance in between artificially incentivizing the market
16 and not creating a market that can sustain itself beyond
17 these grants. And I think we need to be careful.

18 If we believe that people are going to use the
19 product and continue to, I think it is a worthwhile
20 discussion that we have next month when we look at the
21 criteria. You know, where that delicate balance is,
22 because we have it on one of our other grant programs.
23 And we need to make sure with these that we help create
24 the markets but we don't artificially sustain them, so
25 they can stand on their own once there's no more grants

1 available.

2 COMMITTEE MEMBER CHESBRO: I was going to save
3 this comment for the Five-Year Plan discussion, but let me
4 just say it now. I agree very much with the idea that we
5 want sustainable markets and that that should be the goal.
6 We've come a long, long way since I left the Board in
7 getting there. We're still a long ways away from that.
8 And to me, we won't have a sustainable marketplace until
9 people don't have to -- people are no longer incentivized
10 to dispose of tires. Until we're to the point where it
11 doesn't cost you anything to take it somewhere or, God
12 forbid, somebody would pay you for your tire because it
13 has value. And we need to keep pushing to make that
14 happen. And I'm not bringing it up generally, not
15 specifically with regards to this particular program.

16 And on the other side of it is we have a lot of
17 money. And so we ought to be trying to figure out how to
18 spend it to try to get there. And some parallels would
19 be, you know, there's other programs that are -- example
20 would be the beverage container law which we don't
21 administer that while we would hope that all the materials
22 that are in curbside recycling would have demand so that
23 you wouldn't have to have subsidized curbside recycling,
24 the fact is that the deposit that people pay is helping to
25 run that program and has become permanent that it helps

1 pay for an infrastructure to make sure those materials are
2 heading into the marketplace.

3 I don't think that's ideal. I'm a believer in
4 the marketplace, and I think we ought to be having this
5 discussion to move towards sustainable markets. But I
6 also think the public interest in this is there not be
7 tires along the roads and landfills. And just like we
8 have curbside recycling so bottles and cans and newsprints
9 aren't going into landfills and instead are being
10 recycled.

11 So higher than having a sustainable market to me
12 is having tires reused and not disposed. So while we're
13 working towards sustainability, we ought to also be trying
14 to maximize the volume in order to keep fighting towards a
15 marketplace where there's demand to keep tires from going
16 into the landfills or even illegally disposed.

17 COMMITTEE MEMBER BROWN: Agreed.

18 MR. GAUFF: I just wanted to offer two more quick
19 things. One of the reasons why we're bringing the
20 criteria now is hopefully we'll give the agencies a year
21 to spread it out for a year for next year to actually give
22 them the money over the year versus trying to force it out
23 over six months or three months or something like that,
24 which may lead to how they apply and may come out
25 differently next year. That's one thing we want to see.

1 And the other idea was on sustainability. We do
2 have some ideas on how to make this process for rubberized
3 asphalt more sustainable to local governments that may not
4 cost the Board a lot of money but we need a little time to
5 develop those. And I think those will actually be better
6 to implement in 08-09 than next year. So I just wanted to
7 let you know. We will be talking about that. We have
8 some ideas that we can bring before the Board.

9 CHAIRPERSON PETERSEN: Great. Good.

10 Mitch.

11 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Mitch
12 Manager of the Tire Program.

13 The one thing I just wanted to refer back to
14 Committee Member Chesbro is the criteria that we're going
15 to bring forward next month. One of the things that we
16 want to look at, one of the concerns that staff has had is
17 we don't want to just give money to the local
18 jurisdictions that are already going to do RAC anyway. So
19 we're looking to develop a criteria that will require the
20 local jurisdiction to identify to us we were planning on
21 doing five RAC projects this year. But for this grant
22 money, we'll do a sixth. And then I think we can justify
23 giving a little bit more money to get them to jump from
24 five to six or from five to seven. So we need some help
25 in how do we get that kind of information from

1 jurisdictions that have these things planned out over
2 years. It can be easily manipulated. So if any of you
3 have any ideas from your local government experience,
4 please pass it on to staff.

5 CHAIRPERSON PETERSEN: We're full of ideas. Do I
6 hear a motion -- or any more comments? Do I have a
7 motion?

8 COMMITTEE MEMBER BROWN: Move Resolution 2007-108
9 Revised.

10 CHAIRPERSON PETERSEN: Is there a second?

11 COMMITTEE MEMBER CHESBRO: Second.

12 CHAIRPERSON PETERSEN: Deb, call the roll.

13 EXECUTIVE ASSISTANT BALLUCH: Brown?

14 COMMITTEE MEMBER BROWN: Aye.

15 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

16 COMMITTEE MEMBER CHESBRO: Aye.

17 EXECUTIVE ASSISTANT BALLUCH: Petersen?

18 CHAIRPERSON PETERSEN: Aye.

19 Fiscal consent.

20 Okay. Nate.

21 MR. GAUFF: Item 13 is the Consideration of Grant
22 Awards for the Targeted Rubberized Asphalt Concrete
23 Incentive Grant Program.

24 This latest iteration of this program we are
25 recommending three agencies for award: City of Reedley in

1 the amount of 175,000; City of San Palbo in the amount of
2 175,000; and the City of Lemon Grove in the amount of
3 150,000.

4 Are there any questions?

5 CHAIRPERSON PETERSEN: I don't have any
6 questions, but we have a comment from Doug, please. Are
7 you okay?

8 MR. CARLSON: I'm okay.

9 COMMITTEE MEMBER CHESBRO: I'll move the
10 Resolution.

11 COMMITTEE MEMBER BROWN: Second.

12 But can you give us the list for the targeted
13 too, because I didn't get that if that was provided?

14 MR. GAUFF: It should have been in Attachment 1.

15 COMMITTEE MEMBER BROWN: It just missed my book.

16 MR. GAUFF: It wasn't made available on the items
17 that were available to you today because that list was not
18 updated. It should have been updated and what went into
19 BAWDS.

20 COMMITTEE MEMBER BROWN: If it's on BAWDS,
21 then --

22 MR. GAUFF: That's why we didn't provide it. It
23 was in the items that you got today.

24 COMMITTEE MEMBER BROWN: Okay. I already
25 seconded it.

1 CHAIRPERSON PETERSEN: We need to call the roll.

2 EXECUTIVE ASSISTANT BALLUCH: Brown?

3 COMMITTEE MEMBER BROWN: Aye.

4 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

5 COMMITTEE MEMBER CHESBRO: Aye.

6 EXECUTIVE ASSISTANT BALLUCH: Petersen?

7 COMMITTEE MEMBER PETERSEN: Aye.

8 EXECUTIVE ASSISTANT BALLUCH: And that goes on

9 fiscal consent.

10 We also are going to -- thank you very much,

11 Nate. We'd like to take Item L, please.

12 DEPUTY DIRECTOR LEE: Committee Item L is a

13 Report on the Evaluation of Health Effects of Recycled

14 Waste Tires and Playground and Track Grants.

15 This is a report on the results of a study that

16 was conducted at the Board's behest to kind of analyze

17 various environmental and public safety considerations

18 relative to use of tire-derived products in playgrounds.

19 I believe we have staff presentation and then a

20 presentation by the OEHHA contractor.

21 Linda.

22 MS. DICKINSON: Good morning. I'm Linda

23 Dickinson, and the only thing I'm here for is to introduce

24 Dr. Charlie Vidiar. And Charlie was the principle

25 investigator for the report. And Charlie has a quick

1 PowerPoint presentation on the study on the evaluation of
2 health effects for the recycled waste tires and playground
3 and track products.

4 Charlie went all through the mostly northern
5 California and dropped the Triax 2000 on many playgrounds
6 and took the data from the Triax 2000. It's an
7 interesting and very technical apparatus. It kind of
8 measures what it would be like if you dropped a -- if a
9 kid hit his head on the playground and how much it would
10 injure a child's head. And he will tell you all about
11 that study, and it's pretty interesting. So, Charlie, go
12 ahead. And also Robert Schlag is here if you have any
13 questions for him. And they're all from the Office of
14 Environmental Health Hazard Assessment.

15 COMMITTEE MEMBER BROWN: Are you going to start
16 with exactly what we contracted with OEHHA? Is there a
17 scope of what the contract was? Because I think that
18 preceded all of us.

19 MS. DICKINSON: The Scope of Work was passed
20 several years ago. I thought that Jim went over it. The
21 purpose of the interagency agreement was to conduct an
22 evaluation of health effects on waste tires and playground
23 and track products to use in outdoor applications.

24 COMMITTEE MEMBER BROWN: Were there specific
25 tasks listed for this or just a broad overview of health

1 effects? If you don't have it --

2 MS. DICKINSON: They were specific tasks that are
3 listed in their report. So Charlie will go -- they're in
4 your PowerPoint presentation. They're specifically --

5 COMMITTEE MEMBER CHESBRO: Toxicological safety
6 and physical safety.

7 MS. DICKINSON: They're specifically in the
8 PowerPoint presentation, because we have so many items in
9 this.

10 COMMITTEE MEMBER BROWN: That's fine. If it's in
11 the presentation, that's fine. I just didn't look through
12 it in advance. I just wanted to know before we started
13 what it was.

14 (Thereupon an overhead presentation was
15 presented as follows.)

16 MR. VIDAIR: The purpose of this study, Recycled
17 Tires in Playground and Track Surfaces, that the Waste
18 Board demonstrates public health vision and ethical
19 stewardship to ensure two things: The toxicologic safety
20 from injection or dermal contact with these surfaces by
21 children who use them; and secondly, the physical safety
22 of these surfaces by preventing serious head injury from
23 falls in the playground.

24 --o0o--

25 MR. VIDAIR: So we surveyed the grantees in the

1 San Francisco Bay Area, and these are the types of
2 surfaces they installed in their playgrounds using
3 recycled tires. Most of them chose the pour-in-place
4 surface. Pour-in-place surface is when you take the tires
5 and shred them to small pieces and then truck them out to
6 the playground, on site mix with a binder, usually a
7 polyurethane binder, and then pour it into the playground
8 where it hardens and forms a unitary surface. This is
9 what most of the grantees choose.

10 And then when that process is performed and the
11 factoring in molds, then tiles are produced at the
12 factory. And then tiles can be brought out to the
13 playground and then fastened together to also form an
14 intact unitary surface of rubber.

15 And then the third type are just simply taking
16 the shreds. These are shredded tires that the rubber has
17 been cleaned and the metal has been removed. And they can
18 be raked into place on the playground, just like you rake
19 wood chips in or sand. And that type of surface takes a
20 lot more maintenance, monthly maintenance, to keep it
21 smooth and keep it up.

22 --o0o--

23 MR. VIDAIR: Here's the approach. First, to
24 measure the chemicals released by shreds from loose fill
25 surfaces incubated in an aquas solution over night. In

1 brackets I wrote "simulates ingestion." So we wanted to
2 test what might be coming off of the tire shreds if a
3 child were to eat ten grams of these little chips.

4 And then secondly, wipe sampling of tile and
5 pour-in-place surfaces. And we wanted to simulate by
6 wiping the surface and what comes off the surface, we want
7 to simulate the child hand to surface to mouth route by
8 which a child might ingest chemicals released over a
9 period of time.

10 COMMITTEE MEMBER CHESBRO: The equivalent of
11 licking the tile.

12 MR. VIDAIR: Right.

13 COMMITTEE MEMBER BROWN: I think licking the
14 ground where the tire's applied.

15 COMMITTEE MEMBER CHESBRO: I've been around
16 little kids. You never know.

17 MR. VIDAIR: But licking the ground happens too.

18 The second phase of the study was to measure
19 impact attenuation all of these surfaces in order to
20 predict serious head injuries from falls by children in
21 the playground.

22 --o0o--

23 MR. VIDAIR: These are the results from the
24 so-called gastric digestion simulation. This is taking
25 some of the shreds and just incubating them overnight and

1 measuring the chemicals that come off. We detected 13
2 metals, 11 organic chemicals. And then we did some
3 calculations. These very low levels of the chemicals. So
4 when we calculated what's the likelihood of adverse health
5 effects from one-time ingestion of ten grams by a
6 three-year-old child, we think it's very unlikely and the
7 calculations are in the study and in the report. And
8 they're there.

9 --o0o--

10 MR. VIDAIR: This is either route, the hand to
11 surface to mouth route. And again, we detected ten metals
12 and six organics again at very low levels. And our
13 calculations were for a child using these playgrounds 185
14 days out of a year for 11 years from age one to twelve,
15 and by our calculations adverse health effects are
16 unlikely due to anything released by these surfaces. So
17 these toxicology studies were very good news.

18 CHAIRPERSON PETERSEN: What kind of metals are we
19 talking about?

20 MR. VIDAIR: Some of the more common ones like
21 zinc and less toxic things like zinc and some of the more
22 toxic ones like arsenic. But the arsenic is at very low
23 levels. And we are not convinced that's coming from the
24 surface. It could be coming from the environment. So
25 there are a list of different metals.

1 --o0o--

2 MR. VIDAIR: We also wanted to look at skin
3 sensitization to see if these surfaces cause allergic
4 reactions or possibly have the potential to cause allergic
5 reactions from dermal contact. This was performed by a
6 testing laboratory back east using the guinea pig
7 sensitization test. And there were no skin reactions
8 observed suggesting that children using the surface would
9 also not show these allergic skin sensitization reactions.

10 --o0o--

11 MR. VIDAIR: Now we're on to the physical safety
12 part of the study. And that's a picture of the equipment
13 we use to measure the softness of these surfaces. So
14 towards the top, there's a little metal head form which
15 contains an excelleromator. When this thing is dropped on
16 the playground and hits the surface, it measures the
17 forces of impact. So we would drop this from the specific
18 play height or fall height of each piece of equipment, the
19 top of the slide, the pivot point of the swing. And these
20 are all in State regulations. And this has to be done in
21 order to show the surface is soft enough to prevent
22 serious head injury.

23 --o0o--

24 MR. VIDAIR: These are the types of data that we
25 got from those measurements. And I should mention none of

1 these playgrounds were tested prior to our study.

2 So each of the blue data points is a drop near a
3 piece of equipment in a rubberized playground. And for
4 comparison, the pink are drops in a wood chip playground.

5 Now, the regulations state you have to take three
6 drops around each piece of equipment. So three drops
7 around a slide, three around swings. And then we've
8 plotted the fall height on the X axis. And the Y axis is
9 the HIC, the head injury criterion. This is the number we
10 get from the Triax equipment. And the standard is 1,000.
11 That 1,000 level is where you start to see critical brain
12 injury.

13 So this is a very serious end point that the
14 standards meant to protect against. The impacts should
15 all be below 1,000. And unfortunately a lot of the drops
16 were above 1,000. As the fall height of the equipment in
17 the playgrounds increase, there is an increasing chance of
18 failing the standard. There were no failures from about
19 approximately six feet and lower. And there were no
20 failures in the five wood chip playgrounds we looked at.

21 Now there is some good news on the slide, and
22 that is that a lot of the blue points are below the 1,000.
23 And even some of the blue points for equipment that was
24 quite high. If you look up towards the right side,
25 there's some of the equipment fall height is seven, eight

1 nine feet, even almost up to twelve feet. And those drops
2 were below the standard. They passed the standard showing
3 that these rubberized surfaces can be constructed to meet
4 the standard even at very tall fall heights.

5 --o0o--

6 MR. VIDAIR: And here is a summary of what we
7 found. All the rubber surfaces we tested, 32 rubber
8 surfaces, only 31 percent passed. That means the other
9 surfaces had at least one drop which was above the 1,000
10 HIC standard. And five out of five wood chip surfaces all
11 passed.

12 --o0o--

13 MR. VIDAIR: Now we looked at a few more
14 variables in these surfaces. The advertised life span of
15 these pour-in-place surfaces is high. Some manufacturers
16 say they'll last five to ten years and provide safety for
17 that period of time. But we've seen no data to show this
18 is true. So we went to a freshly poured surface here, and
19 each line is a different location in that surface. We did
20 the testing -- the HIC testing two days after pour after
21 the surface had hardened. And then we came back a couple
22 of times for the first approximately 80 days of surface
23 life, and the impact attenuation was very stable. But of
24 course what we really need are data like this out for one,
25 two, three years. We don't know that yet. Now --

1 COMMITTEE MEMBER BROWN: Before we go too far, on
2 the previous chart, can you tell me of the 32 playgrounds
3 how old each of those were? Do we have an average or are
4 they all a certain number of years old?

5 MR. VIDAIR: They vary between approximately -- I
6 think the oldest were about seven or eight years.

7 COMMITTEE MEMBER BROWN: So you're testing ones
8 that are beyond the surface life that the manufacturer
9 recommends? And you're testing seven-year-old surfaces
10 and they say they can last up to five years, then you're
11 testing a playground --

12 MR. VIDAIR: That's possible. For a few of
13 those, that's possible.

14 COMMITTEE MEMBER BROWN: So does that include --
15 I mean, so does the report include the age of each of the
16 32 playgrounds?

17 MR. VIDAIR: We have those data.

18 COMMITTEE MEMBER BROWN: And so then can you tell
19 me of those surfaces that failed what the year of all
20 these surfaces are?

21 MR. VIDAIR: Yes. Most of that data we have.
22 Sometimes the City could not tell us the age of the
23 playground.

24 COMMITTEE MEMBER BROWN: So it's probably beyond
25 five years if they can't tell you. They have a budget

1 that's beyond -- they probably know if it's less than five
2 years old how old the surface is.

3 MR. VIDAIR: Right. The newer ones they probably
4 know. But even for some of the -- even for some of the
5 newer ones, you know, I contacted them and tried to get
6 that information for all of them. And for most of them I
7 got it. Some of them we couldn't get it.

8 COMMITTEE MEMBER BROWN: What I'm trying to
9 determine is you're showing something that we can't really
10 get a really good sense of the playground actually because
11 we don't know how old it is. Did you ask how they
12 maintained the surface, whether they maintained it in
13 accordance with the requirements of the manufacturer who
14 poured it in place?

15 MR. VIDAIR: No. I have the age data. I can get
16 it when they were installed, but I didn't ask about
17 maintenance.

18 COMMITTEE MEMBER BROWN: Why did we test a
19 surface we didn't know the age because we can't determine
20 whether it's beyond the usable life?

21 MR. VIDAIR: We want to know how many of the
22 playgrounds out there are passing the standard.

23 COMMITTEE MEMBER BROWN: But that's a different
24 test. We want data on the surface during the life of the
25 surface. So we need to be able to know is it good for

1 five years, eight years, ten. If we don't know how old
2 these playgrounds are that you're testing, then the data
3 really doesn't tell us what we need to know.

4 MR. VIDAIR: Good point. We tested a number of
5 playgrounds within a few days of installation that were a
6 month or two of installation. So certainly they were
7 within the time frame.

8 COMMITTEE MEMBER BROWN: And that's the next
9 graph you showed that was pretty consistent. Do we have
10 information from the manufacturers on testing? Did they
11 do testing also in addition?

12 MR. VIDAIR: None of these were tested after
13 pouring.

14 COMMITTEE MEMBER BROWN: According to -- who said
15 they weren't tested, the school districts?

16 MR. VIDAIR: The cities who put the playgrounds
17 in.

18 COMMITTEE MEMBER BROWN: The cities currently
19 don't require the testing of ASTM standards for poured in
20 place? So that's a contract between the city and the
21 contractor that maybe we as a Board should take
22 responsibility for telling them or suggesting that they
23 have the playground tested at pour and then five years
24 out.

25 COMMITTEE MEMBER CHESBRO: Another way of

1 approaching the question that the Board Chair has been
2 asking is you mentioned that there were some who clearly
3 were superior. Was there any attempt to identify what the
4 characteristics were that caused the surfaces that were
5 superior to be superior? What it was that made them do
6 better on the test than the others?

7 MR. VIDAIR: No. Our assumption is that there's
8 more rubber there. But in order to know that, you have to
9 take some type of nail or something and put it through the
10 surface to measure the thickness of the surface. And I
11 didn't want to ask for permission to do that, because I
12 thought they might deny us permission to go in and do the
13 testing to begin with. So that's our theory on why some
14 of them are not passing is that they're not thick enough.
15 But I don't have any data to prove that.

16 COMMITTEE MEMBER BROWN: Did the school district
17 have any data on the contract how thick it was?

18 MR. VIDAIR: In general, they get a guarantee
19 from the installer that this will pass the standard. But
20 then nobody tests, so they don't know if it fulfills the
21 contract.

22 COMMITTEE MEMBER BROWN: We don't know that they
23 tested. They said they didn't have it tested.

24 MR. VIDAIR: They said they didn't test, so I
25 assume they didn't test.

1 COMMITTEE MEMBER BROWN: But we don't know for
2 sure. I'm sorry I'm sticking on this point. But, you
3 know, you're providing information on the efficiency and
4 effectiveness of a playground, but it's only as good as
5 the data we have in order to come up with the theories
6 that you're providing. And I'm concerned that they're
7 inconsistent. We don't know the number of years of the
8 playground. We don't know the thickness. We really don't
9 know whether they're tested or not. We don't think they
10 were tested. But we don't know if the contractor didn
11 test it when they poured it in place and then just didn't
12 provide that information to the school district.

13 MR. VIDAIR: Well, most of them are towns. But
14 you're correct. I don't know that.

15 COMMITTEE MEMBER BROWN: Well --

16 COMMITTEE MEMBER CHESBRO: The broader question
17 for the Board is how and if these questions affect the
18 cities and the school district's willingness to utilize
19 the product. Because we're not the playground safety
20 regulators. There is a whole process in place for that.

21 And so I guess the bigger question would be
22 whether or not there's anything we need to do in terms of
23 marketing these products to put standards in place that
24 will provide assurance to the public and potential users
25 of the material that it maximizes the safety of the

1 children. But we ought to be probably trying to look to
2 the --

3 COMMITTEE MEMBER BROWN: The industry should have
4 that.

5 COMMITTEE MEMBER CHESBRO: I remember dealing
6 with this in the Legislature, but I can't remember
7 specifics. There is some process in place for setting
8 standards for playground safety equipment. It's not us.
9 It's someone who does that, and we probably ought to be
10 talking to them about what standards do we need in our
11 contracts in order to meet your standards of safety so
12 that we can tell the public and the users of the material
13 that this is something that's safe.

14 COMMITTEE MEMBER BROWN: I'm sure the industry
15 has information also and is going to step right up if they
16 want to. But I think he's referring to the playground
17 safety standards that the Legislature has set. But these
18 are contracts between a school district. We provide the
19 grant. We don't enter into a grant with the contractor.
20 So at best, I think we want to make sure that we provide
21 sufficient information to the grantee on their
22 responsibilities to ensure the application and the
23 installation is sufficient and meets State standards,
24 which I can't imagine a school district wouldn't have that
25 as part of their contract. That's part of their own

1 personal liability.

2 STAFF COUNSEL BLOCK: Yes. That's a perfect
3 segue, just along the lines that you started talking about
4 looking to the future. As of January 1st, 2008, some
5 changes to the playground safety laws are coming into
6 place. And there will be a requirement that all new
7 playgrounds and any equipment or portions of a playground
8 that are being redone, if you will, meet those standards.
9 There are some regulations adopted by the Department of
10 Health Services, and they've essentially adopted CPSC and
11 also ASTM standards on a number of different issues,
12 including the HIC standard.

13 In addition -- this is more pertinent to our
14 issues -- there's a specific provision in the law that
15 says that public agencies, State agency providing funding
16 for new playgrounds or new equipment cannot provide that
17 funding unless there's some -- the project itself will
18 comply with those standards. So one of the things we'll
19 probably be doing in future cycles is building in as part
20 of the reimbursement some evidence that in fact they've
21 tested it and met those standards for future.

22 CHAIRPERSON PETERSEN: Great. We didn't mean to
23 interrupt your slide show. Continue on.

24 MR. VIDAIR: It's almost finished.

25 --o0o--

1 MR. VIDAIR: And this is just one other variables
2 we looked at, the effect of temperature on these surfaces,
3 because these surfaces can get very hot in the sun. And
4 we haven't seen any data on the influence of temperature
5 on the impact attenuation. So this is an example of one
6 surface where we went in there early in the morning when
7 the temperature of the surface was 49 degrees. This is
8 rubber itself. And then later in the afternoon when it
9 was up to 108 and did these drops at the same exact
10 location at different heights. And consistently we find
11 the higher temperature, there are more -- they're harder.
12 The HIC values are higher. It usually went between about
13 5 and 15 percent. So it's just something to keep in mind
14 when the testing is done on these.

15 --o0o--

16 MR. VIDAIR: This is a slide that gets to what we
17 were just talking about. This is not part of the OEHHA
18 study. These are the results that the L.A. Unified School
19 District has found. They put in the second line there
20 says 300 rubberized surfaces installed in the last two to
21 three years with only two failures. That's obviously a
22 very high passing rate compared to our passing rate which
23 was only around 31 percent.

24 So why the difference? Well, the first line they
25 didn't use the current standard, the '04. They are using

1 older. The current standard is a bit more stringent.
2 They also in L.A. in playgrounds there's an eight-foot max
3 on the fall height of the equipment in the playground.
4 They don't put swings in the playground, which is the
5 single highest offender in our study.

6 But then the second to last line, "testing is
7 always performed immediately following installation."
8 They have somebody they hire -- the district hires to do
9 the testing. And we think that this explains why the high
10 passage rate and could be the reason so many are passing.
11 And our conclusion is testing works.

12 MS. DICKINSON: Part of that is LAUSD's contract
13 is they won't pay the manufacturer, the installer of the
14 playground surfacing if they don't pass. It's a no pay if
15 you don't pass. So that's why only there's been two
16 failures. They have to scoop it all up and put it back
17 again if there is a failure. That's why there's only been
18 two.

19 CHAIRPERSON PETERSEN: Okay. Good.

20 --o0o--

21 MR. VIDAIR: Our recommendations: Obtain a
22 warrantee the surface will meet the standards and test the
23 surface after installation. They've been getting the
24 warrantees as far as I can tell from all the towns I spoke
25 to -- they get the warrantees it will pass, but nobody

1 checks to see if they do.

2 Number two, test during the warmest time of the
3 day.

4 Number three, consider bright reflective colors
5 to reduce the high surface temperatures that can develop
6 during hot days.

7 And number four, consider installing a thicker
8 surface that significantly exceeds the standard. Because
9 that HIC 1000 standard is for critical brain injury. It's
10 quite a serious health end point. If you can bring that
11 HIC value down, you can protect against lesser head
12 injuries like concussion and other things, skull fracture.

13 COMMITTEE MEMBER CHESBRO: And a thicker surface
14 uses more tires.

15 --o0o--

16 MR. VIDAIR: So some unresolved issues perhaps
17 for future study. Those rubberized playground surface
18 softness change over time over a period of years.

19 Number two, do the rubberized playground surfaces
20 prevent or increase long bone injuries? Most of the
21 injuries in playground from falls are breaks in the arms
22 and legs. And we don't know how these surfaces would work
23 there.

24 How do the findings in the Waste Board contract
25 funded playgrounds compare to a broad sampling of other

1 playground, for instance southern and northern California,
2 sand and wood chips?

3 And then the last suggestion here is fine rubber
4 crumb in indoor and outdoor artificial turf fields. The
5 old generation of artificial turf is the synthetic blades
6 of grass which are woven together and forms a pretty hard
7 surface. But the new generation now they're interspersing
8 the blades of grass in an artificial soil, a mixture of
9 rubber crumb and sand.

10 And so we think these questions are worth asking
11 about that surface. What is its composition and particle
12 size differentiation? Can individual exposure be
13 measured? And is it inhaled during play? And finally,
14 does it pose a toxic risk?

15 COMMITTEE MEMBER BROWN: Well, one of the
16 unresolved issues, we don't contract for playgrounds. We
17 provide grants. So I want to make sure that that's clear.
18 We don't contract and provide and install. We provide
19 grants to school districts to provide them. And I'm glad
20 to see LAUSD actually is proactive to ensure they do do
21 their testing.

22 CHAIRPERSON PETERSEN: Elliot, in our contracts,
23 do we set forth and when we do the grants guidelines they
24 should be following? Is that what our plan is?

25 STAFF COUNSEL BLOCK: We have language in the

1 grant agreement or in the terms and conditions I believe
2 specifically requiring them to meet all State, federal,
3 and local rules. And we certainly have as we become
4 familiar with some of these issues notified grantees of
5 those issues. In fact, in the last cycle which was going
6 on while this preliminary information from the study came
7 out, we posted a question and answer information and a
8 link to the study on the site for information for
9 applicants.

10 CHAIRPERSON PETERSEN: Great. Thank you.

11 COMMITTEE MEMBER CHESBRO: The good news on both
12 of them, first of all, with regards to the safety
13 questions, there are standards the Legislature has
14 adopted. DHS has adopted regulations. So we're not the
15 lead responsible party for safe playgrounds. And
16 secondly, with regards to the ingestion question, this
17 study showed that even over a considerable period of time
18 and intensive use that the level of exposure to chemicals
19 would be -- kids would have to be eating or licking the
20 crumb rubber on a regular basis to even get a low level of
21 exposure.

22 So I think it's generally good news, but I think
23 it's worth -- which it sounds like would happen anyway.
24 But worth making sure that with our contractors that we're
25 making sure that they're making sure the local

1 jurisdictions are complying with this State law and State
2 regulations with regards to safety. That would be a
3 requirement or a criteria.

4 CHAIRPERSON PETERSEN: Great.

5 COMMITTEE MEMBER BROWN: We have to put that sign
6 out that says, "Please do not ingest the crumb rubber."
7 We couldn't read it.

8 MS. DICKINSON: We did notify all the past
9 playground grantees.

10 CHAIRPERSON PETERSEN: Great. Any other
11 questions or comments?

12 We have a speaker, David Spease. And then
13 Michael Blumenthal.

14 MR. SPEASE: Hello. My name is David Spease.
15 I'm a landscape architect. I'm a member of the California
16 Recreation and Parks Society Playground Task Force. We
17 worked with the Governor and with the Senator Harmon to
18 have the new legislation completed. It was signed by the
19 Governor in September of '06. It increases a lot of
20 protection I believe. It's pretty detailed to go into for
21 now.

22 But I'm also a member of the Executive Committee
23 of the National Playground Safety Institute. They're the
24 group that teaches the inspectors that California law
25 requires to inspect all playgrounds. The problem with the

1 inspectors is that they cannot inspect rubber surfacing
2 adequately visually. There's no way to really test it
3 without a drop test. Visual inspection even with a core
4 bore or a probe doesn't tell you what the mixture of the
5 materials is. And if the contractor varies the amount of
6 polyethylene or binder material that's used in the
7 product, they significantly affect the impact.

8 Also the depth of the material. So there's quite
9 a few ways that the product can be manipulated. Each
10 product has a different mix, so you can't say that one
11 product compares with another specifically. You can't say
12 that all materials have to have the same depth of
13 material. You really need a combination of some kind of
14 probe or visual inspection during construction and the
15 fall test.

16 I would suggest that although you do not specify
17 products and that you don't contract for the work, what
18 you could do is require that before they get your money
19 that they prove that they tested it properly as a way to
20 protect your own investment.

21 Be happy to answer any questions you have.

22 CHAIRPERSON PETERSEN: Any questions?

23 Thank you very much.

24 Michael.

25 MR. BLUMENTHAL: Thank you, Chairman Petersen.

1 My name is Michael Blumenthal representing the Rubber
2 Manufacturers Association. I have some comments on this
3 item.

4 Number one, we were basically glad that this
5 report was done. It's been a long time in coming. It
6 does agree with the earlier data on this from other states
7 and other agencies, so we were very pleased with the
8 results and do agree that the depth of the rubber is a
9 most important item when it comes to the fall height and
10 the safety. That was borne out in some of the studies
11 done at the University of Denver by Dr. Bob Baimy and just
12 goes to show that you do have to keep in mind what the
13 ASTM specifications are. Certainly, we do agree with that
14 and try to push it forward.

15 I'm on the ASTM F15 Committee that is the one
16 that sets the standards for these types of playground
17 covers -- and I'm trying to get to one of the meetings. I
18 will get to it. One of the things we will talk about are
19 trying to get the standards for this material, especially
20 for the pour-in-place, because it does have other
21 materials more than just rubber. So it is an important
22 issue.

23 COMMITTEE MEMBER BROWN: Are you inferring there
24 are not ASTM standards for the pour-in-place?

25 MR. VIDAIR: There are. But what my goal would

1 be is to try to get a single standard for all the
2 different products. In other words, right now as long as
3 you passed the test, you can do it almost any way you
4 want.

5 COMMITTEE MEMBER BROWN: Does it include the
6 depth?

7 MR. VIDAIR: Yeah. I believe that they do. I
8 can get a copy if you want to see the ASTM standards.

9 COMMITTEE MEMBER BROWN: I was just curious,
10 because you emphasized an OEHHA study talked about the
11 depth. If there is not a depth that's included in the
12 ASTM standards, then we're suggesting that they adhere to
13 the ASTM standards and all local laws. But it doesn't
14 have a depth.

15 MR. VIDAIR: I will double check that and report
16 back to you.

17 COMMITTEE MEMBER BROWN: Maybe if it doesn't, you
18 can suggest to them it should be part of it.

19 MR. VIDAIR: I'm almost certain it does. But I
20 think it's more of the combination of rubber and binder
21 material combined is more of an issue.

22 COMMITTEE MEMBER BROWN: Thank you.

23 MR. VIDAIR: If the Board does remember, for the
24 last several years when my comments on these type of
25 grants is to get some sort of report back from the

1 grantees and the report on injuries and either the
2 increase, decrease, or types of injuries that were
3 sustained was one of the points that we have been making
4 for the last four or five years. We want to reiterate
5 that this is a very good way of getting actual field data
6 and was supposed to be part of the grant applications for
7 those entities that did receive these grants supposed to
8 give you back some sort of report. Hopefully that's still
9 in the pipeline. If not, it should be required because
10 the Board pretty much agreed to doing that.

11 The other recommendation we had was I think this
12 would be -- some of the recommendations the gentleman made
13 about other testing would be very good idea. This should
14 not be a one-time event. This should be an excellent
15 opportunity to do second or third phase reports on. I
16 think these are all very important issues. The use of
17 fine ground rubber in artificial turf surfaces is probably
18 the biggest single market today for ground rubber, fastest
19 growing market for ground rubber, and there are no test
20 reports out there more than the leachate reports we have
21 done.

22 So moving ahead with these types of issues, we'd
23 answer a lot of the questions and probably settle and do
24 away with a lot of the urban myths that are out there. So
25 we would suggest you do follow up on the recommendations

1 and vote to continue doing further research into these
2 types of applications, the other ones that were mentioned
3 there. I think that would be a very good use for your
4 funds and would answer a lot of questions that would help
5 the marketplace. Thank you.

6 CHAIRPERSON PETERSEN: Great, Michael, thank you.

7 At this point, what I'd like to do is to take a
8 five-minute break. And we'll come back, but five minutes.
9 And then we've got a lot to do today. Thank you.

10 (Thereupon a recess was taken.)

11 DEPUTY DIRECTOR LEVENSON: Mr. Chair, could I ask
12 so the audience knows what your plan is to take up?

13 CHAIRPERSON PETERSEN: I'd like to get through
14 everything but 22 and 23, and then we break for lunch at
15 1:00, from 1:00 to 2:00, and take those two items up after
16 lunch.

17 DEPUTY DIRECTOR LEVENSON: That's great. Just so
18 folks know.

19 CHAIRPERSON PETERSEN: Okay. I'm ready.

20 DEPUTY DIRECTOR LEVENSON: We are on to a series
21 of three items revolving around the Recycling Market
22 Development Zone Program. Item 15 is Consideration of the
23 RMDZ Revolving Loan Program Application for Mid-Valley
24 Disposal. And Daisy Kong will be presenting this item.

25 MS. KONG: Committee Chair and members of the

1 Board, the item I'm presenting today is Agenda Item F and
2 Board Item 15, Consideration of the Recycling Market
3 Development Revolving Loan Program Application for
4 Mid-Valley Disposal.

5 This applicant is located in the City of Carmen
6 within the Fresno County RMDZ. The loan request is for
7 557,300 and is for the purchase of a horizontal wood
8 grinder and other equipment in connection with the
9 recycling of wood waste and green waste.

10 Mid-Valley Disposal was established in 1997. It
11 provides residential, commercial, and industrial garbage
12 and recycling services to several cities in Fresno County
13 and Kings County as well as the unincorporated areas of
14 Fresno County. Mid-Valley currently serves an estimated
15 15,000 customers within these areas.

16 The company was awarded a Full Solid Waste
17 Facility Permit in March of this year and is currently in
18 the process of constructing a transfer station and
19 recycling facility. Our loan will be used exclusively for
20 the recycling of wood waste and green waste. The bigger
21 project is actually financed by CPCFA and the Department
22 of Conservation. The company projects to divert 6,000
23 tons of wood and green waste from California in its first
24 full year of operation and will hire three new employees
25 as a result of this loan.

1 The RMDZ Loan Committee met yet on May 7th, 2007,
2 and unanimously approved the loan request. Staff
3 recommends that the Committee approve Option Number 1 and
4 adopt Resolution Number 2007-114 to approve an RMDZ loan
5 to Mid-Valley Disposal. This concludes my presentation.
6 Joseph Kalpakoff, owner of Mid-Valley Disposal, is here to
7 answer any question the Committee may have on this
8 project.

9 CHAIRPERSON PETERSEN: Great. Thank you.

10 Any questions or comments?

11 COMMITTEE MEMBER CHESBRO: Mr. Chairman, after
12 yesterday, I hesitate to ask this question, because we
13 heard that there's demand for these materials and that we
14 ought to be worried about processing and collection
15 processing and getting it out there. But nonetheless, I'm
16 going to ask the question. Is the revenue for this
17 primarily collection? Is it tipping fee driven or is
18 there a market that is going to generate revenue to pay
19 off the loan? I'm trying to figure out which end of the
20 system it's --

21 CHAIRPERSON PETERSEN: Probably both sides.

22 COMMITTEE MEMBER CHESBRO: I would like to hear
23 it.

24 MS. KONG: There's certainly a fair amount of
25 tipping.

1 COMMITTEE MEMBER CHESBRO: I'm not saying the
2 tipping fee is evil.

3 MS. KONG: Just because of the project, the
4 nature of it, there is a fair amount of tipping. But they
5 are getting a lot of income from the recycling.

6 COMMITTEE MEMBER CHESBRO: The underlying
7 question is is there a known market, demonstrated market
8 for the material? That's the underlying question.

9 MR. KALPAKOFF: Good afternoon, Board Member
10 Petersen, Board members. Joseph Kalpakoff, owner of
11 Mid-Valley Disposal.

12 To answer your question, yes, it is primarily
13 tipping fee driven. However, we have contacted local --
14 we're an agriculture area, so a lot of dairies, farmers.
15 And they are looking to purchase the wood chips for animal
16 bedding, dust control. So there will be a market out
17 there.

18 CHAIRPERSON PETERSEN: So you're developing a
19 market in the region?

20 MR. KALPAKOFF: That's correct.

21 CHAIRPERSON PETERSEN: Perfect.

22 COMMITTEE MEMBER CHESBRO: Not specifically with
23 regards to this project, but in general, the reason the
24 question is important is because if it's just tipping fee
25 driven and we're just trying to make sure it gets turned

1 into something but we don't know that there's actually
2 demand for the product, then it isn't a complete project.
3 So it's just a question I think you will hear me ask
4 frequently with regards to loans.

5 CHAIRPERSON PETERSEN: Market development.

6 BOARD MEMBER MULÉ: You want to make sure there's
7 a market there. Sure. Absolutely.

8 CHAIRPERSON PETERSEN: That's what this is all
9 about. Okay. Thank you.

10 Any other questions or comments?

11 COMMITTEE MEMBER BROWN: Move Resolution
12 2007-114.

13 CHAIRPERSON PETERSEN: Joseph, did you want to
14 say anything?

15 MR. KALPAKOFF: No. I was here for questions.

16 CHAIRPERSON PETERSEN: I'm ready.

17 COMMITTEE MEMBER BROWN: Move Resolution
18 2007-114.

19 COMMITTEE MEMBER CHESBRO: Second.

20 CHAIRPERSON PETERSEN: Deb, call the roll.

21 EXECUTIVE ASSISTANT BALLUCH: Brown?

22 COMMITTEE MEMBER BROWN: Aye.

23 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

24 COMMITTEE MEMBER CHESBRO: Aye.

25 EXECUTIVE ASSISTANT BALLUCH: Petersen?

1 CHAIRPERSON PETERSEN: Aye.

2 Fiscal consent.

3 Item G, Board Item --

4 MR. KALPAKOFF: I just want to thank you guys and
5 thank Daisy Kong on her experience and her help in putting
6 this application together. Without her, I don't think we
7 would have been through this process and completed it.
8 So --

9 CHAIRPERSON PETERSEN: No, thank you for doing
10 what you're doing. And you're putting it out there and
11 building a business in an area that needs it.

12 COMMITTEE MEMBER BROWN: Thank you, and good
13 luck.

14 CHAIRPERSON PETERSEN: Thank you, staff, very
15 much on this. Okay.

16 Next item.

17 DEPUTY DIRECTOR LEVENSON: This is the loan
18 program application for Global P.E.T., Inc., and this is
19 going to be presented by Govindan Viswanathan.

20 MR. VISWANATHAN: Good afternoon, Committee Chair
21 and members of the Committee. This item presents for
22 consideration Global P.E.T., Inc., application to the
23 Recycling Market Development Revolving Loan program.

24 The applicant's 5.1-acre recycling facility is
25 located in Perris within the Riverside County RMDZ. The

1 loan request is for 860,000 and is to fund the purchase of
2 machinery and equipment for a P.E.T. extrusion line.
3 Global plans to manufacture colored P.E.T. plastic sheets
4 from recycled plastic flakes. The flakes are recovered by
5 grinding postconsumer PET plastic bottles. Global P.E.T.
6 is projecting to divert 22,500 tons of plastic, add 18
7 more employees, bringing total number of employees to 78
8 as a result of this loan.

9 Global P.E.T. was established in September 1996,
10 by Mr. Bahou, President. Mr. Bahou has worked in the
11 P.E.T. recycling industry for over 20 years. Global has
12 been in the business of grinding postconsumer bottles to
13 flakes for over ten years. The current operation consists
14 of grinding, a wash line, and a clear P.E.T. sheet
15 manufacturing line. Thermoforming companies are the end
16 users of the recycled P.E.T sheets. The P.E.T. sheets are
17 covered with plastic food containers. The P.E.T. sheets
18 also used in various packaging applications.

19 The RMDZ Loan Committee met on May 8th, 2007, and
20 approved this loan request.

21 And also I wanted to add based on staff
22 discussion with the Gary Petersen, we incooperated a
23 provision that requests the recipient to count all the
24 flakes, the loan agreement.

25 Staff recommends that the Committee approve

1 Option Number 1 and adopt Resolution 2007-115 to approve
2 RMDZ loan to Global P.E.T., Inc. Thank you.

3 CHAIRPERSON PETERSEN: Great. Any comments or
4 questions?

5 COMMITTEE MEMBER CHESBRO: May I ask, so do I
6 understand that they are already in this business and
7 diverting 15,000 tons now and it would increase by 5700
8 tons?

9 MR. VISWANATHAN: You are right.

10 COMMITTEE MEMBER CHESBRO: This is a process
11 they've already been engaged in?

12 MR. VISWANATHAN: They have a -- before, they
13 were using the unwashed flakes. They found out very
14 little market.

15 COMMITTEE MEMBER CHESBRO: It takes it to another
16 level.

17 CHAIRPERSON PETERSEN: I visited the facility.
18 They're a really doing a good job, and they're producing
19 lots of materials for in the recycling process.

20 COMMITTEE MEMBER CHESBRO: And it's then for
21 consumer product to be turned into packaging?

22 CHAIRPERSON PETERSEN: Correct. Using P.E.T.
23 film. These guys are probably the leadership in doing
24 that here in California.

25 COMMITTEE MEMBER CHESBRO: Great.

1 CHAIRPERSON PETERSEN: The only other thing I
2 wanted to mention is not just the flakes, it's the
3 nurdles. And what we want to make sure it's in good
4 housekeeping and in every contract we send out there now.
5 And follow up on that, because the number one -- besides
6 cigarette butts on the beach, the number one thing that
7 pollutes the ocean is nurdles, because we're not taking
8 care of housekeeping business.

9 Any other comments, or I'll take a motion.

10 COMMITTEE MEMBER CHESBRO: I'll move the
11 Resolution.

12 COMMITTEE MEMBER BROWN: I'd second.

13 CHAIRPERSON PETERSEN: Deb.

14 EXECUTIVE ASSISTANT BALLUCH: Brown?

15 COMMITTEE MEMBER BROWN: Aye.

16 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

17 COMMITTEE MEMBER CHESBRO: Aye.

18 EXECUTIVE ASSISTANT BALLUCH: Petersen?

19 CHAIRPERSON PETERSEN: Aye.

20 It's fiscal consent. Thank you very much.

21 Item H or Item 17.

22 DEPUTY DIRECTOR LEVENSON: Is Consideration of
23 Princess Paper, Inc., request for a waiver of the
24 Recycling Market Development Revolving Loan Program policy
25 of not taking primary single family residences as

1 collateral. This item is going to be presented by Barbara
2 VanGee.

3 SUPERVISOR VAN GEE: Good morning, Chair Peterson
4 and Committee and Board members.

5 At the October 1999 Board meeting, the Board
6 approved the policy not to take personal residences as
7 collateral because of the potential --

8 COMMITTEE MEMBER BROWN: Can you talk into the
9 microphone? There you go.

10 SUPERVISOR VAN GEE: At the October 1999 Board
11 meeting, the Board approved the policy not to take
12 personal residences as collateral because of the potential
13 negative publicity that might result from the Board
14 foreclosing on a borrower's residence. This policy has
15 been periodically reviewed by the Board as part of the
16 general eligibility items. It was last reviewed at the
17 July 2005 Board meeting.

18 At the January 2006 Board meeting, a \$2 million
19 loan to Princess Papaer was approved for the purchase of
20 commercial real estate and equipment. At that time, we
21 took as collateral equipment purchased, the real estate
22 that they were also purchasing, and another commercial
23 real estate.

24 This other commercial property has a short-term
25 loan which matures this month. The owners are refinancing

1 it. While the Board has been willing to subordinate, we
2 are in second information. We've been willing to
3 subordinate to a new loan. None of the lenders they
4 contacted were willing to approve a loan where the
5 loan-to-value was in excess of their policy.

6 If the Board is to release the commercial real
7 estate as collateral, we require additional collateral.
8 Mr. Hakimi offered his personal residence as collateral.
9 To take the personal residence as collateral, the Board
10 will need to approve a waiver of its policy.

11 Staff is recommending approval of the waiver
12 based on the borrower's excellent payment history on this
13 loan as well as the previous two loans, one of which is
14 paid in full; staff's review of current financial
15 information which indicate the continued ability to repay
16 the loan; the strong guarantors; and the existing and
17 proposed collateral.

18 Based on these strengthes, staff believes the
19 likelihood of the Board foreclosing on the personal
20 residence is minimal. Since the Board adopted the policy,
21 this is the first time we have received a request for an
22 exception.

23 The request to substitute the collateral was
24 approved by Loan Committee at the May 8th meeting. Staff
25 recommends that the Board approve Option 1 and adopt

1 Resolution 2007-116 to approve the exception to the policy
2 of not taking a personal family residence as collateral.
3 If you have any questions.

4 CHAIRPERSON PETERSEN: We have some questions,
5 yes.

6 COMMITTEE MEMBER BROWN: I'll defer.

7 COMMITTEE MEMBER CHESBRO: Well, I would assume
8 that the reason the Board put this policy in place is the
9 difficulty in asking somebody if their financial
10 circumstances take a turn for the worse, asking somebody
11 to sacrifice their personal home and the difficult
12 position that puts the Board in at that time.

13 So it sounds like you've proposed one criteria to
14 help deal with that concern, which is the existing track
15 record of repayment of loan and strong fiscal position. I
16 guess the other one that occurs to me is that it's
17 requested by the property owner. And that although I
18 don't know that it would necessarily for some reason if
19 something happened in his businesses and he couldn't make
20 his payments and we were moving on his home, whether that
21 would really strengthen the Board's dilemma or help to
22 resolve the Board's dilemma in terms of taking somebody's
23 home or not. It's really I think it's tough. It's a
24 tough call.

25 COMMITTEE MEMBER BROWN: Did the Loan Committee

1 look at this request or --

2 SUPERVISOR VAN GEE: Yes, they did. Loan
3 Committee did look at it and did approve the request.

4 CHAIRPERSON PETERSEN: Could you walk through
5 their strategy on their financing?

6 SUPERVISOR VAN GEE: Princess Paper's?

7 CHAIRPERSON PETERSEN: How they want their
8 positioning on this. Could you walk through that for the
9 Committee, please?

10 SUPERVISOR VAN GEE: They have a loan right now
11 on their commercial real estate property.

12 COMMITTEE MEMBER BROWN: The \$2 million RMDZ loan
13 that was approved last January was for equipment?

14 SUPERVISOR VAN GEE: Equipment and a real estate
15 purchase. So we took the equipment as collateral. We
16 also are in third position on the property that was
17 purchased. They used an SBA loan for that. So the SBA is
18 in second position. The bank is in first. We are in
19 third. There was still a shortage of collateral for the
20 loan. He offered up another commercial piece of property
21 which has a first lien on it. We have a second.

22 COMMITTEE MEMBER BROWN: Who's the first lien to?
23 Another bank?

24 SUPERVISOR VAN GEE: Another bank.

25 COMMITTEE MEMBER BROWN: Another institution.

1 SUPERVISOR VAN GEE: Another financial
2 institution. But sometimes banks will not make long-term
3 loans, actually more frequently than not, on a commercial
4 real estate loan. And the loan has a short repayment
5 term. So it is has now matured. Mr. Hakimi is looking to
6 refinance that. And we were willing to subordinate our
7 position so we said we would remain in second position.
8 That when he paid off his first, we would not move into
9 first position. The problem is most banks have a policy
10 on their loans not to exceed a certain loan-to-value. On
11 commercial real estate, it tends to be in a 60 to 70
12 percent range. So even though their loan would qualify
13 within their policy guidelines. But with an existing
14 second on there going into the approval, it would exceed
15 that, and the banks are not willing to do that. So that's
16 why Mr. Hakimi asked if we would be willing to release our
17 position if he could provide other collateral to us. He
18 did offer his personal residence. We did not ask him for
19 his personal residence.

20 CHAIRPERSON PETERSEN: Is the plan as he
21 refinances on the primary property of what we're
22 discussing that he will after he refinances be able then
23 to remove his personal property from --

24 SUPERVISOR VAN GEE: He has requested that down
25 the road that, yes, he would come back and ask that we

1 release the Deed of Trust on his personal residence and
2 put it back on a commercial piece of property.

3 CHAIRPERSON PETERSEN: Is there a time line on
4 that?

5 SUPERVISOR VAN GEE: He has mentioned within a
6 year.

7 COMMITTEE MEMBER BROWN: Does he have another
8 RMDZ currently in addition to this \$2 million one, or is
9 that on --

10 SUPERVISOR VAN GEE: There is another loan that
11 it was part of the loans that we sold. It has an
12 approximate balance of about I believe \$250,000.

13 BOARD MEMBER CHESBRO: He owes that to someone
14 else, not to us?

15 SUPERVISOR VAN GEE: He owes that to Capital
16 Crossing Bank.

17 CHAIRPERSON PETERSEN: He's been current and on
18 time?

19 SUPERVISOR VAN GEE: He's current and made
20 payments on time.

21 CHAIRPERSON PETERSEN: He's a guy who's trying to
22 build his recycling business as best he can with his
23 finances to keep control of his company and things going
24 forward. I understand how this works. We used to do it
25 all the time in my company just to get things going.

1 So --

2 COMMITTEE MEMBER BROWN: I understand that, Gary.
3 I'm just reluctant. I think the Board put the policy in
4 place for a reason. And we haven't gone back on it. And
5 you know, I'm a little uncomfortable taking somebody's
6 personal residence even with that being their request as a
7 State agency as collateral. I'm just --

8 SUPERVISOR VAN GEE: There are two. The State
9 Loan Guarantee Program does take personal residences as
10 collateral as well as the California Cal Cap Program.
11 Although they are not direct lenders, they do guarantee
12 loans where they could ultimately have to foreclose on a
13 --

14 COMMITTEE MEMBER BROWN: His wife has signed?

15 SUPERVISOR VAN GEE: His wife did sign the
16 request, yes.

17 CHAIRPERSON PETERSEN: You know, we're doing
18 something different here --

19 COMMITTEE MEMBER CHESBRO: I'm not as -- I'm
20 sorry to interrupt. You

21 CHAIRPERSON PETERSEN: Me, I'm in favor of this,
22 because I know I've been there in doing these kinds of
23 things. With the track record he has and his commitment
24 to pulling this out within a year of paying off --

25 SUPERVISOR VAN GEE: He would actually prefer to

1 do it in less than a year.

2 CHAIRPERSON PETERSEN: I can imagine why, yeah.

3 And the precedent has been set by other State agencies?

4 SUPERVISOR VAN GEE: Other State agencies do take
5 personal as part of their programs. They do take personal
6 residences as collateral.

7 CHAIRPERSON PETERSEN: I know this is an
8 exception --

9 COMMITTEE MEMBER BROWN: Gary, I will abstain and
10 I will let it go through. If he's made the personal
11 request to do that, I think it's fine. I will abstain
12 from voting on this.

13 CHAIRPERSON PETERSEN: Okay. Is Mr. Hakimi here?

14 SUPERVISOR VAN GEE: No. He was not able to
15 attend. He's at a trade show today and tomorrow.

16 COMMITTEE MEMBER CHESBRO: Well, I'm not as
17 concerned about the financial aspects of it if it's been
18 reviewed by the Loan Committee and they feel there's a
19 track record and sound financial footing. I'm more
20 concerned with the discomfort the Chair is expressing
21 which I share with imagining the circumstance where we
22 have before us the potential of taking his home.

23 On the other hand, he is requesting it. Nobody
24 asked him for it. It's something that is to his benefit
25 he's willing to take the risk on.

1 The question I have -- and I'm thinking back to
2 our attempts to help another property owner recently.
3 Whether or not we found ourselves in those circumstances,
4 do we have the ability, if there's been unforeseen
5 financial circumstances, to find another way to maintain
6 the taxpayer's interest in it. I mean a lien or some
7 extension of a loan or other ways to try to reduce the
8 chances we'd wind up taking somebody's home. I guess
9 thats the -- because again I can imagine sitting here as a
10 Board, and could or could not be some of us, you know,
11 saying, well, you know, it made a lot of sense at the
12 time, but something happened in the marketplace or we had
13 a fire and the insurance wasn't enough or this happened or
14 that happened, and suddenly you're taking my home.

15 COMMITTEE MEMBER BROWN: Does he have a lender
16 that's agreed as long as we remove ourselves?

17 SUPERVISOR VAN GEE: Yes, he does.

18 COMMITTEE MEMBER BROWN: So the property will be
19 refinanced?

20 SUPERVISOR VAN GEE: Only if we remove our
21 second.

22 COMMITTEE MEMBER BROWN: That was the question.

23 SUPERVISOR VAN GEE: If we do not remove it, he
24 will not be able to refinance that loan. It will become
25 due and payable and the bank will demand payment.

1 COMMITTEE MEMBER BROWN: That was my question.

2 If we remove ourselves, does he have a guarantee. And the
3 answer is yes.

4 SUPERVISOR VAN GEE: Yes.

5 COMMITTEE MEMBER CHESBRO: Well --

6 COMMITTEE MEMBER BROWN: To what degree -- I'm
7 sorry, Wes. I'm trying to get myself over this comfort
8 level of -- I know he's requested. This is a small
9 portion of a second piece of commercial property where the
10 third party on the piece of property that the loan
11 actually was for. The \$2 million bought Property A, and
12 we were in the third position. So to what degree -- I
13 mean, are we significant in the lien? I mean, what's the
14 lien amount on the second piece of Property B?

15 SUPERVISOR VAN GEE: On the second piece of
16 property, the existing lien is \$1.2 million.

17 COMMITTEE MEMBER BROWN: On the second piece of
18 property?

19 SUPERVISOR VAN GEE: Yes. That is what --

20 COMMITTEE MEMBER BROWN: So what's our position
21 on the first?

22 SUPERVISOR VAN GEE: On the first piece of
23 property? I'm sorry?

24 COMMITTEE MEMBER BROWN: The \$2 million loan you
25 stated was to purchase equipment and a piece of commercial

1 property, which we were the third party on, the third
2 position on. And there was not enough of a loan-to-value
3 in that business deal, so he put up Property B.

4 SUPERVISOR VAN GEE: Right.

5 COMMITTEE MEMBER BROWN: Which we became a second
6 position on. My question is, to what degree are we in a
7 second position? Are we talking about a couple hundred
8 thousand dollars or a million-five?

9 SUPERVISOR VAN GEE: In our second position?

10 COMMITTEE MEMBER BROWN: Yes.

11 SUPERVISOR VAN GEE: We always file \$2 million.
12 So we have a two million Deed of Trust on the second
13 property. We also a two million Deed of Trust on the
14 first property. Because it's one loan covering both
15 equipment and real estate. When we file our Deeds of
16 Trust, we always file it for the full amount.

17 CHAIRPERSON PETERSEN: So --

18 COMMITTEE MEMBER CHESBRO: Let me ask, do we have
19 the authority to extend the terms and refinance loans
20 under this program? I mean, how set are the -- and I'm
21 again trying to put myself in the position of a Board in
22 the future whether or not we'd have the opportunity to try
23 to work with the person to try to help them avoid giving
24 up their home.

25 STAFF COUNSEL BLOCK: Yes. Absolutely, we could

1 do that in the future.

2 COMMITTEE MEMBER CHESBRO: Well, if we can
3 somehow make it very, very clear in the record that the
4 Board's willingness to consider this is completely the
5 result of the request of the property owner and the
6 borrower, the RMDZ loan borrower, and not at the request
7 of the Board. And with the understanding that we have
8 other tools to work with somebody at such time as their
9 home was in fact at risk, I will move the recommendation.

10 CHAIRPERSON PETERSEN: I can second that.

11 Deb, call the roll.

12 EXECUTIVE ASSISTANT BALLUCH: Brown?

13 COMMITTEE MEMBER BROWN: Abstain.

14 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

15 COMMITTEE MEMBER CHESBRO: Aye.

16 EXECUTIVE ASSISTANT BALLUCH: Petersen?

17 COMMITTEE MEMBER PETERSEN: Aye.

18 DEPUTY DIRECTOR LEVENSON: Mr. Chair, I presume
19 we'll have a short presentation on this item at the Board,
20 correct?

21 COMMITTEE MEMBER BROWN: I don't know that we
22 need a presentation.

23 DEPUTY DIRECTOR LEVENSON: It's your discretion.

24 CHAIRPERSON PETERSEN: I don't think we need to.

25 DEPUTY DIRECTOR LEVENSON: I would like to

1 indicate to you there was considerable discussion about
2 the policy implications of this. And I think one
3 possibility not specific to this particular case, but we
4 will be coming back to you periodically with general loan
5 program criteria. And I would like to see some discussion
6 that if we're going to entertain some of these requests in
7 the future that we have some discussion by the Board of
8 what kind of criteria you would like to have if you even
9 want to entertain future requests.

10 CHAIRPERSON PETERSEN: Thank you, Howard. That's
11 a good idea.

12 STAFF COUNSEL BLOCK: Chair Peterson.

13 CHAIRPERSON PETERSEN: Yes.

14 STAFF COUNSEL BLOCK: Since there's money
15 involved or it's financial, it would be fiscal consent.
16 So although again it can be a very, very short
17 presentation.

18 CHAIRPERSON PETERSEN: Okay. Short presentation
19 fiscal consent. There we go.

20 How about the next item? Item I, Board Item 18.

21 DEPUTY DIRECTOR LEVENSON: This is the contractor
22 for the life cycle assessment of organics diversion
23 alternatives and the economic analysis of greenhouse gas
24 reduction options contract.

25 Brenda Smyth will be giving that presentation.

1 This is the contract that we heard quite a bit about
2 yesterday at the Climate Change Workshop.

3 CHAIRPERSON PETERSEN: Great.

4 DEPUTY DIRECTOR LEVENSON: And I would like to --
5 Brenda may say this, but there have been a number of
6 people involved in this project including Judy Friedman,
7 Brenda, Dana, when she was here, and there's been several
8 others as well.

9 CHAIRPERSON PETERSEN: Fabulous. Great.

10 MS. SMYTH: Good afternoon, Chair Peterson, Board
11 members. And the item before you is Consideration of
12 Award of the Contractor for the Life Cycle Assessment of
13 Organics Diversion Alternatives and Economic Analysis of
14 Greenhouse Gas Reduction Options.

15 This item came before the Board the first time in
16 September of 2006 as an allocation proposal in support of
17 the climate change work here at the Board. In January,
18 the Board approved the Scope of Work for this item. In
19 February, we released a secondary RFP as a competitive
20 process to receive bids on this work.

21 The proposals were received in April. We scored
22 the proposals, and we are today recommending RTI
23 International as contractor for this work.

24 If you have any further questions on the scope,
25 I'd be happy to indulge in more details at your pleasure.

1 COMMITTEE MEMBER CHESBRO: As indicated by some
2 of my questions at previous meetings, I'm real interested
3 in just a brief description of the contractor's attributes
4 that -- and I know it's a team that assesses it. So you
5 may not be as prepared. But I hope in the future that
6 would be part of the presentation would just be to help
7 the Board members understand who the contractor is and
8 what it is that the selection process determined put them
9 ahead of their competitors. And the answer may be like it
10 was the other day, they're the only contractor. But at
11 least if that's the answer, that's the answer. But none
12 the less, it would be nice to know something about the
13 qualifications.

14 MS. SMYTH: We received two proposals on this.
15 They actually are the only qualified contractor. But I
16 would be happy to tell you about their qualifications. I
17 think they're excellent.

18 RTI is an independent not-for-profit
19 organization. They are dedicated to conducting innovative
20 and multi-disciplinary research that improves human
21 conditions. They have a worldwide staff of more than 2600
22 people. They're active in health and medicine,
23 environmental protection, technology, commercialization,
24 education, and decision support systems. They were
25 founded in 1958 by members of the University of North

1 Carolina at Chapel Hill, Duke University, and North
2 Carolina State University. And they're the first
3 scientific organization and the cornerstone of the
4 research triangle park.

5 We are familiar with RTI. They were the primary
6 contractor on our conversion technology work that has been
7 completed. I believe that was an \$850,000 contract.
8 They've worked very closely with U.S. EPA on many of the
9 aspects of the type of work that we're asking for in this
10 this contact. And in fact, they have very robust MSWDST.
11 I'ts municipal solid waste decision support tool, which is
12 a computer model that will be probably the foundation of a
13 lot of the work for this contract.

14 And I think that may be the reason why they are
15 the only qualified contractor is because that's why
16 they've done that work prior to this contract.

17 COMMITTEE MEMBER CHESBRO: Thank you. And I'd be
18 happy to move the Resolution.

19 CHAIRPERSON PETERSEN: Any other questions?

20 COMMITTEE MEMBER BROWN: Second.

21 Thank you for asking a question, though. I agree
22 that would be helpful in this process as we evaluate
23 proposals just what makes them head and shoulders better.
24 Thank you.

25 CHAIRPERSON PETERSEN: I just have one question.

1 Is it appropriate to specify the dollar amount instead of,
2 you know, not to exceed language?

3 MS. SMYTH: It's a \$500,000 contract.

4 COMMITTEE MEMBER BROWN: I think the specific
5 question is what was their bid.

6 MS. SMYTH: \$500,000.

7 CHAIRPERSON PETERSEN: Okay. So we had a first
8 and a second.

9 Deb.

10 EXECUTIVE ASSISTANT BALLUCH: Brown?

11 COMMITTEE MEMBER BROWN: Aye.

12 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

13 COMMITTEE MEMBER CHESBRO: Aye.

14 EXECUTIVE ASSISTANT BALLUCH: Petersen?

15 CHAIRPERSON PETERSEN: Aye.

16 And thank you very much. That was grand. I'm
17 really going to be interested to see what these guys come
18 up with. Put that on fiscal consent, please.

19 Item J has been deleted.

20 And then we go to Item K, Board Item 20.

21 DEPUTY DIRECTOR LEVENSON: This is Consideration
22 of the Contractor for the 07-08 Statewide Waste
23 Characterization Study. And Tom Rudy is going to make
24 that presentation.

25 (Thereupon an overhead presentation was

1 presented as follows.)

2 MR. RUDY: Good morning.

3 --o0o--

4 MR. RUDY: It is afternoon. Chair Peterson,
5 Committee members, and additional Board members, I'm Tom
6 Rudy with the Waste Analysis Branch. And we're going to
7 discuss consideration of the contractor for our next Waste
8 Characterization Study.

9 --o0o--

10 MR. RUDY: This next study is going to be a
11 comprehensive statewide study of the disposal waste
12 stream. We're going to model it and use the same methods
13 we used in the 2003 study so the data will be comparable
14 the one another. We'll be analyzing samples at various
15 waste facilities around the state. And we'll combine all
16 the data we get to come up with the statewide numbers.

17 --o0o--

18 MR. RUDY: So we data geeks like to talk in
19 numbers. So here it goes. We're going to collect over
20 four seasons and five different regions, the same regions
21 we used in the last study. We're going to do
22 approximately 25 facilities throughout the state of
23 California, over 85 different material types. And we
24 should be collecting in excess of 750 samples over the
25 three sectors.

1 --o0o--

2 MR. RUDY: We're doing some new things for this
3 study. We want to do some research in collecting more
4 precise data on some special materials such as tires and
5 e-waste that we don't frequently see in the waste stream.
6 And when they do enter our samples, they may not be
7 getting a really representative sample of.

8 We also want to increase our efforts in sampling
9 in rural areas. The challenges there are there are very
10 few facilities and their activity levels are very low
11 relative to larger cities. So we want to make sure we
12 make an extra effort to make sure we get good
13 representative data for the rural.

14 Additionally, we've expanded our list of various
15 material types, especially e-waste and C&D. For example,
16 lumber as opposed to being lumber now, we're going to have
17 three sub-types: clean dimensional lumber, engineered
18 wood, and then paint, stained, and treated stuff. This
19 will help us with our assessment of divertability as to
20 determine how divertable those materials that are being
21 thrown into the waste stream are.

22 --o0o--

23 MR. RUDY: The proposal process. The proposals
24 were due April 17th. We used the secondary request for
25 proposal process to evaluate those, which under the

1 secondary process the contract is awarded to the highest
2 scoring responsible bidder as opposed to the lowest bid
3 qualified bidder. Cascadia Consulting Group,
4 Incorporated, of Seattle, Washington received the high
5 score.

6 --o0o--

7 MR. RUDY: The time line. The Board approved the
8 Scope of Work in February. The Request for Proposal went
9 out in March. If you approve the contract at the May
10 Board meeting, we'll be able to get field work going in
11 January of 2008 and report out before summer of '09.

12 --o0o--

13 MR. RUDY: So staff recommends that the Board
14 approve Cascadia Consulting Group, Inc., as contractor for
15 the 2007-2008 Statewide Waste Characterization Study in an
16 amount not to exceed \$499,673.86 and adopt Resolution
17 2007-100, and that should say Revised after that. That's
18 estimating your expenses.

19 CHAIRPERSON PETERSEN: Very down to the penny.

20 DEPUTY DIRECTOR LEVENSON: I think Tom could
21 speak to this, but Cascadia has done many of our Waste
22 Characterization Studies. They're certainly well known
23 for that. And I think they're extremely well qualified.
24 I don't know if you need more information than that.

25 COMMITTEE MEMBER CHESBRO: You anticipated my

1 question. I appreciate it. That brief description of
2 why -- were there others that were qualified or were they
3 considered to be the only qualified?

4 MR. RUDY: They were considered to be the only
5 qualified.

6 CHAIRPERSON PETERSEN: Question. I saw the
7 materials listed. Are we going to include u-waste in any
8 of this?

9 MR. RUDY: Yes. We've been talking -- Nancy and
10 I have been talking with the various people in markets and
11 in e-waste and stuff. And we haven't finalized the
12 material types yet. We're going to be doing that between
13 now and before we get started in the actual sampling to
14 see what specific data that the different sections need in
15 order to do their jobs.

16 CHAIRPERSON PETERSEN: That would be really
17 useful.

18 MR. RUDY: We are going to do some changes with
19 batteries. In the past, we lumped all batteries together.
20 We're going to separate them out for lead, acid, and
21 stuff.

22 COMMITTEE MEMBER BROWN: Move Resolution 2007-100
23 Revised.

24 COMMITTEE MEMBER CHESBRO: Second.

25 CHAIRPERSON PETERSEN: Deb.

1 EXECUTIVE ASSISTANT BALLUCH: Brown?

2 COMMITTEE MEMBER BROWN: Aye.

3 EXECUTIVE ASSISTANT BALLUCH: Chesbro?

4 COMMITTEE MEMBER CHESBRO: Aye.

5 EXECUTIVE ASSISTANT BALLUCH: Petersen?

6 CHAIRPERSON PETERSEN: Aye.

7 We'll move that to fiscal consent. We could do
8 item --

9 COMMITTEE MEMBER BROWN: I think we've had a
10 request from non-Committee member. I don't mind taking a
11 break now until when we said we were coming back, which
12 was 2:00.

13 CHAIRPERSON PETERSEN: We're going to adjourn
14 until 2:00. Thank you.

15 (Thereupon a lunch recess was taken.)

16 CHAIRPERSON PETERSEN: We're going to get
17 started. I had mentioned earlier we're going to take up
18 Item N before M. And I guess we should just -- let's
19 start off, and then I want to make a statement. So why
20 don't we just go ahead.

21 DEPUTY DIRECTOR LEE: Good afternoon, Chairman
22 Peterson, Board Committee members. My name is Jim Lee
23 with the --

24 COMMITTEE MEMBER BROWN: Excuse me, Jim. I hate
25 to interrupt you, but I have an ex parte to report. You

1 didn't ask.

2 CHAIRPERSON PETERSEN: I'm sorry.

3 COMMITTEE MEMBER BROWN: I have an ex parte to
4 report. Chuck Tobin with Burrtec Industries and George
5 Eowan, had brief discussion with them regarding markets,
6 materials. Thank you.

7 CHAIRPERSON PETERSEN: And I tell you what. I
8 have an ex parte I forgot. I tell you. Michael
9 Blumenthal about tires.

10 You know what, Jim. Here's what I'd like to do.
11 There's another agenda item where substantive new
12 information was made available just last night to us.
13 Neither the Committee nor the public have been given fair
14 opportunity to digest this information. So it is my
15 intention or inclination to defer this to the full Board
16 next week. I'd like to know the pleasure of the Committee
17 if this that's something we can do.

18 COMMITTEE MEMBER BROWN: I'm fine with that.

19 CHAIRPERSON PETERSEN: So we're going to defer
20 that whole thing, Item N, Number 23 to full Board.

21 DEPUTY DIRECTOR LEE: Do you want any discussion
22 today on that particular item?

23 CHAIRPERSON PETERSEN: No. I think we should get
24 right into Item N, Number 22.

25 DEPUTY DIRECTOR LEE: Board Item 22 is

1 Consideration of the Adoption of the Biennial Update of
2 the Five-Year Plan for the Waste Tire Recycling Management
3 Program.

4 CHAIRPERSON PETERSEN: I'm sorry, Jim. I'd like
5 to make this statement, please, before we go into all
6 this. The Five-Year Tire Plan has been the subject of
7 significant amount of public discussion already. And so
8 in the interest of getting quickly to the comments and
9 questions from the Committee and the public, I'm going to
10 ask staff to limit their presentation. We do not need an
11 overview of the entire document. We've been over that
12 before. I do have some comments I'd like to make before
13 we get started and the details. And I'm sure that other
14 Committee and Board members do as well. I'd like to start
15 with a brief introduction by staff though, very brief.

16 DEPUTY DIRECTOR LEE: Make it very brief,
17 Chairman Peterson. I think basically this revised
18 Five-Year Plan is consistent with Board directives to
19 apply a market-based approach to try to deal with our tire
20 diversion problems. Central to that particular focus and
21 objective is a concentration on RAC, civil engineering
22 uses of tires, and a revamped Business Assistance Program
23 to provide specified support, directed supported to the
24 business community.

25 Also inherent in this strategy is a strong local

1 Waste Tire Enforcement Program and with manifest
2 provisions to ensure that tire haulers, end users, and
3 tire facilities are all working cooperatively within the
4 law to preclude the illegal disposal of tires.

5 So with regards to significant changes for the
6 last time, this is basically the same, is a continuation
7 of refocused strategy the Board endorsed two years ago in
8 2005.

9 That said, with regards to the plan itself, I
10 wanted to bring to the Board's attention that we are in
11 the process of still doing some wordsmithing on some of
12 the narrative specifically to reflect some consideration
13 from Board Member Chesbro and Board Member Mulé's office
14 with regards to acknowledging Strategic Directive 5,
15 product stewardship initiatives, and also with regard to
16 trying to summarize some of the performance objectives for
17 each element. We expect to have the strikeout and
18 underlined changes with those a -- strikeout and underline
19 version with those changes available by Friday.

20 With that said, again we believe the substantive
21 policies and perhaps as important the budgets and
22 allocations are what staff has proposed and what we have
23 distilled from the stakeholder and Board member discussion
24 to date. And so again let me ask my colleague, Mitch
25 Delmage, to see if there's anything he wants to add before

1 we turn it back over to you, sir.

2 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Good
3 afternoon, Mr, Chairman. My name is Mitch Delmage,
4 Manager of the Waste Tire Program. Before I even start
5 into the presentation, I just had a few things I would
6 like to say, if it's okay with you.

7 CHAIRPERSON PETERSEN: Absolutely, Mitch.

8 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: The
9 first thing I wanted to personally apologize to you as the
10 Committee Chair and to the Committee members and to the
11 Board members here for the lateness of the information.
12 Ultimately, it is my responsibility to get you the
13 information on time. So I take that on to me.

14 I also want to acknowledge my staff who have
15 burnt the midnight oil to get what they did get to you
16 even though it was late. I especially wanted to thank my
17 supervisory staff, Lillian, Keith, Georgeanne, Frank, Bob.
18 They went through a lot to pull everything together from
19 all the meetings.

20 In order to help the Board members see the
21 difference over time from last go around to this go around
22 and changes that have been made during the course, I want
23 to thank Michelle of our staff and Marissa for getting the
24 underline and strikeout versions up on line for everybody.

25 I also wanted to thank Jim for kind of stepping

1 up. I had take a couple weeks off because of personal
2 matters, and he came in and took care of things.

3 But most of all, Sally French for hearing this
4 wild gaggle of cats all over the place.

5 So that being said, one last thing I wanted to
6 say with regard to what Terry Leveille said earlier today,
7 his concern about this new structure. This Five-Year Plan
8 is what will hold the Tire Program together no matter
9 where we as staff are throughout the Board. So this is a
10 very important document. I hope that with your input
11 we'll be able to get it in such a form that we'll be able
12 to use it as our guide over the next couple of years.

13 So since you've asked for a short presentation, I
14 can give you two options. We have the slide presentation.
15 I can quickly go through it and ask if there's questions
16 on that particular slide and we can direct them there. Or
17 we can just go ahead and have you point out what you would
18 like to discuss further.

19 CHAIRPERSON PETERSEN: Well, I think I'd like to
20 go ahead if you don't mind. And first are there any
21 questions or comments from the Board members?

22 We have one speaker I'd like to hear first,
23 Terry.

24 MR. LEVEILLE: Thank you, Chairman Petersen,
25 Committee members, Board members. Terry Leveille

1 representing TL & Associates.

2 I don't know which version of the Five-Year Plan
3 you're working off. I printed out the one with some of
4 the strikeouts from last May, and it was like way too much
5 to absorb. So I've just got the version that was the
6 latest version that doesn't have any strikeouts. So
7 there's a couple of pages I want to kind of just identify
8 for possible just discussion.

9 And I think overall I never fault the Board staff
10 for these developments of the Five-Year Plans. Some of
11 the specific issues though I think might add a little bit
12 of clarity for the Board members and for the general
13 public who are reading it.

14 One of the things that I've talked about in the
15 past and I mentioned it recently in the California Tire
16 Report was the way that the chart for the tires diverted
17 is set up. And I mentioned it just recently in an
18 article. It's on page 5 of your short version of the
19 thing. And I know staff has talked about last time --
20 this is from 2005. Staff has talked about looking at
21 changes. I just wanted to reiterate for some of the
22 new -- well, for Mr. Chesbro anyway and Mr. Danzinger,
23 where we're looking at ways to make it simplified. You've
24 got three different areas where crumb rubber is identified
25 there: One under crumb rubber, one under rubberized

1 asphalt concrete, and one under other uses. And my
2 thinking is you should just have one large category for
3 crumb rubber and maybe some subcategories for the
4 tire-derived products and the asphalt rubber and any other
5 types of crumb rubber or ground rubber that you would
6 derive from crumb rubber, any kind of products. It would
7 just make it simplified.

8 Just as an aside, as you can see in 2005, the
9 largest disposal of tires aside from landfilling was TDF.
10 Just sort of an oddity thing, seeing as how the Board has
11 been basically prevented from identifying or giving any
12 kind of support to research or direct support to companies
13 that want to convert to TDF. And I expect that to
14 continue.

15 On page -- one of the things I've noticed and the
16 Board should take credit and the staff should take credit
17 is the emphasis on TDA. It's had tremendous potential for
18 many years, even though we've only identified in this
19 document six projects that have been done. There's a
20 bunch on the drawing boards. And if they can pan out,
21 that would be great. But take a look at where in the
22 market development section on page 30 in the chart there
23 you've got civil engineering and transportation
24 infrastructure projects, \$9.9 million. I think for the
25 sake of clarity, staff should think about differentiating

1 civil engineering from asphalt rubber projects. And that
2 \$9.9 million section there you've got them commingled.

3 And if you're going to look at market
4 development, I think it would behoove the Board or the
5 public when they're reading this thing that maybe all of
6 the asphalt rubber projects should be grouped together.
7 You've got RAC technology centers, and then you've got the
8 two RAC grant programs mixed in the civil engineering and
9 transportation infrastructure projects. It just confuses
10 the issue. I know it allows staff a little more
11 flexibility in funding. But you certainly don't see where
12 the amount of funding per year that is directed toward
13 tire-derived aggregate towards civil engineering projects.

14 I think it would be much more helpful for all of
15 us and certainly the industry to know exactly what the
16 Board plans to commit for funding for these tire-derived
17 aggregate projects. Put the grant programs in a separate
18 section down by the RAC Technology Centers. Then when you
19 look at it you can clearly see what is there for TDA, what
20 is there for RAC. It was just a simplification.

21 CHAIRPERSON PETERSEN: Terry, just a minute. At
22 the pleasure of the Committee, can we make sure this gets
23 into delineating what he just said, because I think it's a
24 great idea to break that out? Can we do that?

25 DEPUTY DIRECTOR LEE: If that's the Committee's

1 direction. The reason it was proposed as it was is to
2 give the Board and staff some discretion here. Use as an
3 analogy the situation we had with the BCP money, \$5
4 million was approved for RAC and/or civil engineering
5 projects. Earlier this year, we came before the Board, we
6 thought again the money was best spent in the targeted RAC
7 and directed for the five to that with the other million
8 to the Kuehl bill and none to the civil engineering
9 projects. As the year has progressed, again things have
10 changed slightly.

11 We spoke earlier this morning again about the
12 civil engineering projects now starting to bare some
13 fruit. So the reason we proposed it as commingled is to
14 give us some flexibility as to where the money is spent
15 without locking us into a certain amount which we may have
16 to come back and subsequently ask to reallocate at the end
17 of the year. That's why it was proposed as it was. If
18 the Board wants it the other way, which is the way it was
19 done historically, we can do that.

20 COMMITTEE MEMBER BROWN: I think it probably is a
21 good idea. We're looking at reallocation across
22 categories already. I think maybe it's more clear to not
23 just our stakeholders but the public what we're spending
24 on RAC and what we're proposing to spend on TDA. And then
25 if we have to reallocate from one to the other.

1 CHAIRPERSON PETERSEN: Great.

2 MR. LEVEILLE: The option is always there for the
3 Board to reallocate that kind of money. It just would
4 make it clear. It also would show more of a strong
5 commitment for a certain funding level for TDA. I know
6 there's a lot of companies that are toying with the idea
7 of making the stuff. But since there have been so few
8 projects, they're reluctant.

9 CHAIRPERSON PETERSEN: Great. What I want to
10 also say is we walk through this process through the plan,
11 if anyone wants to chime in on the specific subject we're
12 dealing with right at the time, I'd like to do that to
13 make sure we're clear about where we're going so we don't
14 have to go back over it. Go ahead, Terry.

15 MR. LEVEILLE: Really I've only got a couple
16 other things. I wanted to thank the staff for allocating
17 or recommending an allocation for 125,000 for the pilot
18 project using the hand-held devices for tracking, the
19 manifest, and that type of thing.

20 This is another issue that has come up from time
21 to time, and this is one affecting tire dealers who are
22 sort of -- they collect the money, but then they watch it
23 go away. They've always been interested in this nitrogen
24 system. Nitrogen systems do work. Tires inflated with
25 nitrogen do not have to be checked as often. I go down to

1 Costco and the guy says you know when they do a tire
2 rotation 6,000 miles or six months later they said the
3 people haven't filled it up with any kind of air or
4 anything, and the pressure is exactly the same as it was
5 when it left the shop.

6 Nitrogen systems do work. I know race cars use
7 them. Airplanes use them. Other ones that are really
8 insistent on making sure that air pressure doesn't go
9 down. We're spending countless amount of money trying to
10 get people to check their air pressure every month. They
11 still don't do it. Maybe some members of the Board don't
12 even do it. But never the less, nitrogen systems do work
13 and you know --

14 COMMITTEE MEMBER CHESBRO: Are you talking about
15 my bicycle tires or my car tires? I did fill up my
16 bicycle tires the other day.

17 MR. LEVEILLE: With nitrogen? You would never
18 have to do it again.

19 Tire dealers, they are expensive systems. Once
20 the system is installed, that's all there is to it. You
21 don't have to buy tanks of nitrogen every month or
22 anything like that. It's a nitrogen system and it
23 extracts nitrogen out of the air and puts it into the
24 tires.

25 They're a good marketing tool. Some of the

1 larger companies can afford them. Costco can afford them.
2 Big O Tires I think has nitrogen systems. Some of the
3 smaller little independent guys would like some help,
4 whether it's a loan program or grant program or some type
5 of a thing that would, you know, give them an opportunity
6 to start using these. And it certainly would help in the
7 long run the nature of waste tire or the longevity of
8 tires knowing how few and how seldom people do check their
9 tires. Those are the only things I had to say.

10 CHAIRPERSON PETERSEN: That was very interesting.

11 MR. LEVEILLE: We've got a tremendous amount of
12 background. Michael Blumenthal --

13 CHAIRPERSON PETERSEN: This is source reduction.
14 This is the hierarchy. This is where we are going with
15 source reduction. It's an interesting twist.

16 COMMITTEE MEMBER BROWN: I think I've asked this
17 question to you before, so I think I already know the
18 answer. But do we have any statistics on the
19 effectiveness of nitrogen or does that still need to be
20 studied?

21 MR. LEVEILLE: Doesn't need to be studied. I
22 think there's significant amounts of research into it.
23 Mitch has done a little bit of studying into it. And I
24 know that we had talked from time to time about some sort
25 of a program like this. But --

1 COMMITTEE MEMBER BROWN: So we have the
2 information?

3 MR. LEVEILLE: You start seeing it in the tire
4 business magazines and Scrap Tire News. Every month
5 there's advertisements for different equipment that would
6 allow for the inflation with nitrogen. I don't know which
7 ones are the better companies that make this stuff.

8 BOARD MEMBER MULÉ: That's the kind of
9 information that we can find out. I mean, it sounds like
10 you're suggesting we do some kind of a study or
11 demonstration project.

12 MR. LEVEILLE: Well, you know, I'll defer to
13 Mitch on that, because we have talked about it. I don't
14 know where staff was. I haven't really talked with him
15 for several weeks on this particular issue. So he can
16 maybe elucidate where staff is on this. But we'd be more
17 than happy to help. From you the tire dealers'
18 standpoint, I can get some information. And I'm sure
19 Michael Blumenthal has tons of information about that as
20 well.

21 But those are the only things that I -- Five-Year
22 Plan, Sally does a great job always. You know, I got
23 confused with all the strikeouts and stuff and said to
24 hell with that.

25 COMMITTEE MEMBER BROWN: We asked for that.

1 MR. LEVEILLE: I know.

2 COMMITTEE MEMBER BROWN: Don't blame Sally for
3 that or Mitch.

4 MR. LEVEILLE: You don't deal with tires like
5 that every day --

6 COMMITTEE MEMBER BROWN: You memorize this. I
7 needed to see what the difference was.

8 MR. LEVEILLE: Very good.

9 Anyway, I just wanted to commend staff once
10 again. I think it's a great document. Down the line, we
11 want to keep a look on these programs because the tire
12 dealers would certainly like to see some savings and
13 possibly a reduction of the tire fee. I won't go into
14 that.

15 CHAIRPERSON PETERSEN: Thank you, Terry.

16 Are there any comments from the Board?

17 COMMITTEE MEMBER CHESBRO: Do we have a response
18 from Mitch?

19 CHAIRPERSON PETERSEN: Go ahead, Mitch.

20 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Just
21 briefly, nitrogen by all accounts that I've heard are a
22 good thing. There's a few naysayers out there. But for
23 the most part, the molecules are bigger so they don't get
24 out of the tire. There's not as much moisture, so they
25 don't rust the inside. So it's a good thing. It's just a

1 matter of how do we structure a program that's fair and
2 equitable. I think a loan program might be something
3 that's worth considering.

4 COMMITTEE MEMBER CHESBRO: What would you suggest
5 would be the next step if we wanted to respond positively
6 to Mr. Leveill's suggestion?

7 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Since
8 we're deferring the Five-Year Plan, it gives us an
9 opportunity to maybe add some funds or to expand on -- we
10 had already talked about having some type of a loan
11 program through the Business Assistance Program. And
12 within that loan program, we could make sure that it's
13 clear that it would be available to tire dealers to
14 purchase equipment that would help increase the longevity
15 of tires.

16 DEPUTY DIRECTOR LEE: Chairman Peterson, I think
17 this is something we'll look into and try to report back
18 on next week at the Board meeting. I'm not being a
19 nay-sayer on this, but I do want to point out one of the
20 issues with nitrogen is there aren't that many facilities
21 that carry it. You can go to Costco. And to me, the
22 bigger possibility is we can't get people to fill up their
23 tires, period, with air, nitrogen, or whatever. They're
24 not maintaining their tires. To me, that's the bigger
25 problem that needs to be addressed.

1 COMMITTEE MEMBER CHESBRO: I think what Terry is
2 talking about when somebody buys a new set of tires it
3 gets filled with nitrogen.

4 CHAIRPERSON PETERSEN: So we're impacting the
5 marketplace in the source reduction element which is part
6 of the hierarchy.

7 COMMITTEE MEMBER BROWN: A point of purchase when
8 they buy their new tires and give them the information
9 about the longevity of nitrogen at the point of purchase
10 and avail them of the opportunity to --

11 DEPUTY DIRECTOR LEE: We will try to structure
12 some alternative to look at that.

13 CHAIRPERSON PETERSEN: It's just like anything
14 else. One dealer starts to do it or one retailer starts
15 to do it, and the others go I get nitrogen and I have air
16 over here and I have to mess with it, I'm going for the
17 nitrogen. I don't know.

18 Michael, you got anything to say about this,
19 please?

20 MR. BLUMENTHAL: Thank you, Chairman Petersen.
21 Michael Blumenthal, Rubber Manufacturers.

22 Our technical folks are neither for nor against
23 use of nitrogen. Certainly, there's no down side to using
24 nitrogen. Air works just as well in most cases. I don't
25 think there are any studies out there about the long-term

1 impacts. There's no problem with doing research on it.
2 Anything that can keep the air pressure in tires longer
3 obviously is a good thing.

4 But when you start talking about putting nitrogen
5 into new tires, you may also want to consider going to the
6 new auto retailers because you get a lot of new sales
7 there, not just retailers of tires, but the auto shops.
8 When you buy a new car, have the car filled with nitrogen
9 then. It's certainly -- you don't necessarily want to
10 wait until they buy the replacement tire which might be
11 40,000 miles later or 30,000 miles later, whenever the
12 tire goes. So you may also want to consider not just a
13 limited look at the tire retailers, but look at the auto
14 sales as well because that would achieve that goal of
15 reduction.

16 COMMITTEE MEMBER CHESBRO: The car arrives at the
17 sales room I assume with its tires filled. So you're
18 really pointing upstream to getting the auto manufacturer
19 to install at the plant I would bet, if that was the
20 pathway we were going to go to try to get the new cars
21 arriving with it in the tires.

22 MR. BLUMENTHAL: Your point is well taken. It
23 still wouldn't hurt to give them a call you. You have the
24 California Association of Auto Manufacturer or Auto
25 Retailers. Maybe run it past them and see if they would

1 be willing to entertain this. If you have the grant
2 program and it's a sales tool, you never know. In would
3 be the second venue. But from our perspective, our member
4 companies have looked at nitrogen and they are neutral on
5 the issue there.

6 CHAIRPERSON PETERSEN: Great. Thank you,
7 Michael.

8 We want to also on the table want to give some
9 direction here. On the table on page 5, the number of
10 California waste tires diverted from disposal, he made
11 some remarks about the reorganization of that. Can we
12 make sure we take note of that?

13 COMMITTEE MEMBER BROWN: Is there a reason that
14 it's separated out? Because you know, when there's
15 another category and we separate out the -- I mean, is
16 there a purpose for it, Mitch, that we should know about
17 before changing the way that's put in the table?

18 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: For this
19 iteration, I don't believe that we can make the changes
20 because we didn't structure the survey that way. However,
21 you can direct us for the next survey form going out that
22 we ask for the information in a different way.

23 The reason it's like this is based on previous
24 Board input from I believe the plan before last.

25 CHAIRPERSON PETERSEN: Okay.

1 COMMITTEE MEMBER BROWN: So you don't have the
2 information to add crumb rubber, RAC, and other uses
3 including --

4 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: We had
5 on the survey form other uses and then listed what the
6 other uses were. The people filling out the survey didn't
7 designate within that other use category what it might be.
8 So --

9 COMMITTEE MEMBER BROWN: Whether it was crumb
10 or --

11 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Well,
12 the crumb is separated out completely. And originally I
13 believe the reasoning behind that is that they wanted to
14 understand molded rubber products better. So they wanted
15 to take a look at crumb separately. But because of RAC,
16 it becomes very confusing. So I agree that we do need a
17 better structure. We recently worked with Sac State to
18 get the generation information. We're asking to do some
19 more work with them on how we can better structure this
20 whole survey.

21 COMMITTEE MEMBER BROWN: So crumb, RAC uses
22 crumb --

23 BOARD MEMBER MULÉ: They all use crumb.

24 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: That's
25 right. As I understand it -- now, Boxing I don't believe

1 is here. But as I understand it, there's just a few big
2 actors here. And they are giving us the information from
3 what they know with respect to the crumb. And they tell
4 us what crumb is going to RAC and what crumb is going to
5 some other use. So we do have that difference.

6 COMMITTEE MEMBER BROWN: There's no duplication
7 in here?

8 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: There
9 may be some, but I don't believe there's much. And the
10 reason I say that is because of the study that Sac State
11 did and what the national averages are. When we add up
12 all our numbers and determine our generation rate, we're
13 right in the ballpark. So we have pretty solid numbers on
14 diversion, and we have several solid categories of
15 numbers. And then we end up at the right place at the end
16 of the day on generation. So it makes me feel comfortable
17 that the numbers in between are pretty close. But we do
18 want to improve those numbers, and that's why we've begun
19 to work with Sac State.

20 BOARD MEMBER MULÉ: Mitch, I have a question. If
21 other uses include crumb, RAC includes crumb, then what
22 type of uses would be the crumb rubber, the 3.2? That's
23 where I'm confused. And that's why I agree with Chair
24 Brown's question about are we duplicating the numbers
25 here. Because in my mind, I guess the way I think is it's

1 all crumb. And so you have a category of crumb. And
2 within that category, you have the subsections of RAC,
3 molded products, et cetera, et cetera.

4 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Perhaps
5 I'm missing something here, but under the other categories
6 we don't have any crumb rubber applications listed.

7 BOARD MEMBER MULÉ: It just says other uses
8 include recycling applications for waste tires like
9 roofing, shingles, sandals, weights, and agricultural use.
10 That's all crumb rubber.

11 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: None of
12 that's crumb rubber.

13 BOARD MEMBER MULÉ: That would not be included in
14 that subsection. But my point is that again, you have a
15 crumb rubber section, and then those uses under crumb
16 rubber should be listed. It's what Terry was saying
17 earlier.

18 COMMITTEE MEMBER BROWN: So crumb rubber should
19 be listed at maybe 5.2, and then there's a subsection
20 under there that says of that 5.2, 2.0 goes to RAC. What
21 percent goes -- I think we're still trying to understand.
22 The category listed crumb rubber at 3.2. What is that
23 crumb rubber used for?

24 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: That
25 crumb rubber is primarily used for everything else except

1 RAC.

2 COMMITTEE MEMBER BROWN: Tell me what everything
3 else is so I can be knowledgeable.

4 MS. FRENCH: Page 63 has all the definitions of
5 what each one is, showing playgrounds.

6 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: We're
7 still not going to be able to give you how much goes to
8 playgrounds, how much goes to track, because we won't have
9 that information from the big dealers. You know --

10 COMMITTEE MEMBER BROWN: I think you're drilling
11 down a little deeper than we're asking. We're asking for
12 subsets in major categories that you have here, because
13 you're losing the fact that -- and one thing that Terry
14 did point out is a majority of the product is going to
15 TDF. But if you take everything we take and put it into
16 crumb, we're not quite equal, but we're closer. So you're
17 showing that you got 7.4 or whatever going to TDF. We got
18 5.4. Or if you take the other category and then say other
19 products derived from crumb such as sandals, shingles.
20 I'm not saying you have to say this amount goes to
21 playgrounds. This amount goes to molded products.

22 But I think if we're crumbing a ton of rubber
23 tires, let's show that and not separate it out because it
24 looks less significant.

25 DEPUTY DIRECTOR LEE: We understand, Madam Chair.

1 Give us a chance to look at this. We have the data to
2 reaggregate the numbers in the fashion that you and the
3 stakeholders are suggesting, we will attempt to do so
4 before next Tuesday.

5 MR. LEVEILLE: Can I make one more quick
6 suggestion that shouldn't be very difficult, is that under
7 the civil engineering that the staff should be able to
8 easily break out that's civil engineering that went to
9 projects, road projects, and that type of thing as opposed
10 to that civil engineering that went into landfill use,
11 whether it be around the leachate control, that type of
12 thing. It seems like that's a pretty good little break
13 through. Because they are pretty different in terms of
14 what we're looking for and certainly in terms of markets,
15 if that's not too much trouble.

16 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: I'm not
17 sure we can do all this by next Tuesday.

18 MR. LEVEILLE: You know how much civil
19 engineering there was in TDA projects outside of
20 landfills. And I'm not saying 2005. The next one would
21 be 2006. It would seem to be very easy, because there
22 haven't been that many TDA projects outside of landfills.
23 You just get that. But I think that will be useful for
24 the Board and for stakeholders, too. Thank you.

25 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: May I

1 ask you just one question to make sure I'm clear? So on
2 this particular chart on page five, crumb rubber if we put
3 a number to it and then down below list out all the uses
4 of crumb, that would satisfy your --

5 COMMITTEE MEMBER BROWN: Let's talk about it
6 after the Committee so we can do it. We'll give you clear
7 direction. But if this can't be done by Friday, then
8 maybe we should put it over to June. It's not due to the
9 Legislature until July 1st. I don't want -- I mean, I
10 would be concerned about bringing it again, having the
11 staff do all the work by Friday. Because we have to have
12 it by Friday with the changes in order to really take it
13 up on Tuesday.

14 So, Mr. Chair, maybe it would be worthwhile to
15 spend the time to make sure that it's done and we take it
16 up in June, because we can still adopt it and get it to
17 the Legislature by the July 1st deadline.

18 CHAIRPERSON PETERSEN: I totally concur.

19 DEPUTY DIRECTOR LEE: Chairman Peterson, by
20 postponing it to June, that may jeopardize our ability to
21 get it to the Legislature by July 1. After the Board
22 completes its review, the document has to be formatted
23 internally and then turned into Cal/EPA for their review
24 before it goes over to the legislature.

25 COMMITTEE MEMBER BROWN: I'm sure we can smooth

1 those sled skids. We'll get it down.

2 EXECUTIVE DIRECTOR LEARY: Whatever agenda we put
3 it on is a public document at that point. All though it
4 hasn't been formally transmitted to the Legislature, with
5 the Board's adoption, it's final.

6 COMMITTEE MEMBER CHESBRO: You can communicate to
7 key Committees that the Board has acted and we're waiting
8 Agency and Governor's office approval, if July 1st is
9 looming and it hasn't popped out yet.

10 COMMITTEE MEMBER BROWN: I mean, we can
11 anticipate that we're taking it up in June and give them a
12 heads up and let them know it's coming and -- right?

13 COMMITTEE MEMBER CHESBRO: I do

14 COMMITTEE MEMBER BROWN: Between you, me, Jeff,
15 Gary, I think we can call and make sure everybody knows.
16 But don't worry about that. I appreciate you bringing it
17 up.

18 DEPUTY DIRECTOR LEVENSON: Before we go down that
19 path, if we can get all this done by Friday, we would
20 still go ahead and take it up on Tuesday or give it a
21 shot?

22 EXECUTIVE DIRECTOR LEARY: Howard, if I may,
23 there's a couple other things I'm aware of, improvements
24 that need to be made, I know can't be made by Friday. So
25 I think there's real value to just putting it over to June

1 and give it our best shot.

2 COMMITTEE MEMBER CHESBRO: Can I, Mr. Chair, take
3 a couple of quick shots here on some things? I don't want
4 to take a lot of time if it's not happening until June.

5 I do have, as I mentioned to you earlier, that I
6 had met with the staff and staff had drafted some
7 language. I'm actually very happy with it, but not
8 totally satisfied. So there's some further modification I
9 want to make to it. But here are copies of what the staff
10 had come up with.

11 It's along the lines of the idea of product
12 stewardship and manufacturer responsibility. I want to
13 keep that as broad as possible at this point. I'm not
14 suggesting that we say exactly what that means. But there
15 is some general language that the staff drafted in
16 response to it. I have a few other things which I will
17 circulate to you all between now and June rather than take
18 up the time now.

19 I earlier made my comments about the dilemma
20 between on the one hand wanting it to have market forces
21 take over and on the other hand how far short of that we
22 still are. And my belief that part while I can't in the
23 long run disagree with Mr. Leveille if these could go down
24 sometime that there should still be a lot of uses that can
25 move us more quickly toward a market-based system. So I'm

1 not satisfied from a spending standpoint we are moving
2 money quickly enough.

3 And along the lines, one specific sample I wanted
4 staff to look at is I was contacted by a private developer
5 who does projects for nonprofit housing corporations and
6 playgrounds in the -- they build multi-residential and
7 apparently nonprofits or private developers are not
8 eligible. Well, the private developers are a little more
9 understandable. But the nonprofit -- and they're trying
10 to keep cost down to keep housing costs down. That's what
11 the nonprofit housing corporations do.

12 Another example might be nonprofit preschools and
13 private schools not-for-profit private schools. So I'd
14 like us to look at the nonprofit sector. I believe it's
15 legislatively allowable. I don't believe we've made a
16 practice of playground equipment in those circumstances.
17 So I'd like that to be looked at as well, as an example of
18 someplace we might be able to spend some money to get the
19 money out and prime the pump. So that will do for now.

20 COMMITTEE MEMBER BROWN: Mark, don't we allow for
21 nonprofit grants in other programs, HHW, or Used Oil or
22 one of those?

23 EXECUTIVE DIRECTOR LEARY: Yes.

24 CHAIRPERSON PETERSEN: Point well taken.

25 COMMITTEE MEMBER CHESBRO: I guess the general

1 point is we have this big surplus and we want to figure
2 out how to use it effectively and move that money. That's
3 all for now.

4 CHAIRPERSON PETERSEN: All right. I just we have
5 one other speaker that I'd like to -- is Doug here,
6 Carlson, did you want to speak --

7 MR. CARLSON: It was addressed in the earlier
8 item.

9 CHAIRPERSON PETERSEN: You're okay then?

10 MR. CARLSON: Okay.

11 CHAIRPERSON PETERSEN: Thank you. I have
12 something to say about the border. The statute also
13 requires the plan includes some very specific issues
14 related to the border. In its current form, I find it's
15 very difficult to sort out whether we've addressed those
16 issues or not. I'd like to ask the final plan include a
17 section that summarizes all the proposed border activities
18 so it's clear we've responded to the Legislature's
19 direction. Okay.

20 DEPUTY DIRECTOR LEE: Whatever the Committee's
21 direction is on that, Chairman Petersen.

22 CHAIRPERSON PETERSEN: And then there's an issue
23 on the community education campaign that I would really
24 like to have. We've got the tire care issue, adequate
25 funding for education programs on tire maintenance and the

1 huge effect it has on climate change. And I'm proposing
2 that we look at -- I think the budget was around 300,000,
3 320,000, and I'm proposing we kick that up to 1.5 million
4 and do this statewide.

5 CHAIRPERSON PETERSEN: Bottom of page 30, item 2.

6 DEPUTY DIRECTOR LEE: Chairman Petersen, where
7 would be your suggestion of which funds we should or
8 projects or allocations we should reduce to make that
9 differential?

10 CHAIRPERSON PETERSEN: Well, I think we ought to
11 punt that right back into your shop and you tell us where
12 we're going to pull the money from. On the source
13 reduction, the hierarchy, where are we going here? That's
14 the number one thing we should be doing is dealing with
15 the hierarchy and trying to do source reduction as much as
16 possible. The more education, the more air in the tires.
17 Is that a fact?

18 COMMITTEE MEMBER BROWN: I wish you all would
19 stop looking at me when you're talking about putting air
20 in your tires. I swear I did it. Once.

21 CHAIRPERSON PETERSEN: I don't have anything
22 else.

23 Rosalie.

24 BOARD MEMBER MULÉ: Thank you, Mr. Chair.

25 I just had a couple of questions on the

1 enforcement budget, which is back to page -- I believe
2 it's on page 11. I just want to make sure -- it was
3 cleanup and abatement as -- well, the cleanup and
4 abatement budget on page 17. For the Local Government
5 Waste Tire Cleanup Grant Program as well as the Local
6 Government Amnesty Grants, I know that we did not get out
7 all the money that we had allocated this year. However, I
8 also understand that that was due to some of the
9 restrictions that we placed on the grant program. Given
10 the fact that we're going to revisit the criteria for
11 which grants will be awarded to local jurisdictions to
12 clean up and provide these amnesty events, I think that we
13 should increase it both those numbers back to where they
14 were. I believe they were at a million dollars each or
15 one was at 1.2 or they were both at a million, Jim.

16 DEPUTY DIRECTOR LEE: One was at 1.7. So that
17 was the one we had the most trouble moving. That was the
18 Amnesty Day Grant award for this year. Historical average
19 I think was closer to a million.

20 BOARD MEMBER MULÉ: Well, I just want to share
21 with the rest of the Board here that a couple of weeks ago
22 myself, Rachael, and Ted Rauh, our new Director of
23 Permitting and Compliance, spent a day and a half in
24 Imperial County which is along the border of California
25 near Mexico. And through our contract with the California

1 Highway Patrol, we were fortunate enough to take a look --
2 I don't know if you want to say fortunate, because we got
3 a firsthand look at the 47 illegal tire piles and illegal
4 dump sites in Imperial County along the New River. It's a
5 huge problem down there.

6 And as I understand it, this Tire Program was
7 enacted primarily to clean up tire piles. So I, as a
8 Board member, feel we should allocate those moneys to make
9 sure that we continue our surveillance and clean up of
10 these tire piles. And I think a way to do that is to make
11 sure that the money goes where it is needed to these clean
12 up.

13 I also agree, though, with Chair Petersen that we
14 have to prevent this from happening in the first place.
15 So the outreach program is imperative that we do that as
16 well.

17 But again, I just want to share that with you
18 because it's a huge problem down there. And here this is
19 a poor county. They don't have the resources. We did
20 award them some grant money through their Solid Waste Task
21 Force to do cleanups. But as Ted and I and Rachael and I
22 heard, the county has two people full time that do nothing
23 but pick up illegal tires along the sides of the roads and
24 ravine every day to the tune of 5- to 600 tires a day.
25 And when I heard that, I said, "No, you must mean five to

1 six hundred tires a week." He said, "No, every day those
2 two people are out there picking up 5- to 600 tires a
3 day."

4 So again I think the intent of this bill was to
5 provide the resources where the resources are needed. So
6 I think I just feel that we need to provide the funds back
7 to the local jurisdictions that need this money to do the
8 job and do it right. Thank you.

9 CHAIRPERSON PETERSEN: So as a priority besides
10 source reduction and educational element, clean up the
11 tire piles -- and I know I heard you guys on some of this
12 stuff and where these things pop up and people do it all
13 the time. And there's new piles here and there. I think
14 one of the top priorities of this program is clean up the
15 tire piles in the state and keep it up. That's what we
16 want to do.

17 There's a tire pile on Santa Cruz Island. I was
18 out there. There's 300 tires. They've been there since
19 1909. And they finally consolidated at the end of one of
20 the dirt runways. I was over there on the dirt runway.
21 That's where I landed on, and there was this big tire
22 pile.

23 So what we want to do is get to the point of
24 setting the priorities and doing what we need to do first.
25 And I agree with Rosalie.

1 Are there any other comments or questions from
2 anybody? Thanks, everybody. And thank you, staff. And I
3 hope we're going to go on from here. And we'll get
4 through this together okay. All right. Thank you very
5 much.

6 (Thereupon the California Integrated Waste
7 Management Board Market Development and
8 Sustainability Committee adjourned at 2:55 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 23rd day May, 2007.

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